

11 1988
Japan

In search of a
Mid-East peace
plan, Page 12

FINANCIAL TIMES

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Friday February 12 1988

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Austria	Sch22	Indonesia	Rp3100	Portugal	Esc200
Bahrain	Dh0.150	Iran	IR5.50	S.Africa	R7.00
Belgium	Bf48	Italy	L1200	Spain	Ptas10
Canada	C\$1.00	Japan	Y600	Switzerland	Sfr5.20
Ceylon	C\$2.75	Jordan	Jd500	Taiwan	Nt\$20
Denmark	Dkr100	Korea	W\$100	Thailand	Bt50
France	Ffr4.50	Malaysia	M\$1.20	USA	\$1.00
Germany	Dm2.20	Mexico	M\$2.00		
Greece	Dr100	Norway	Nkr10.00		
Hong Kong	Hk\$1.2	Poland	Zl100		
India	Rs15	South Africa	Rand10.00		

World News

Business Summary

Austrian coalition split over Waldheim

Austrian President Kurt Waldheim was under increasing pressure to step down but neither of the two main political parties could agree on whether to call for his resignation.

The Socialist Party (SPOE) and conservative People's Party (OVP) of the coalition both accepted that Austria would face long-term damage if Waldheim remained in office after critical findings about his war record by a commission of historians. Page 12

Arafat peace plan

Palestinian leader Yasser Arafat unveiled a Middle East peace plan, including a UN guarantee for Israel's security. West German magazine Stern said. Mid-East questions open. Page 12

Anti-apartheid 'failure'

The West's economic sanctions against South Africa had failed and the republic's economy was buoyant. Reserve Bank governor Gerhard de Koeber said. If anything, the sanctions had helped slow down cautious apartheid reforms. He added. Homeland ties. Page 3

Panama drugs claim

An accountant who shuffled drug profits between the US and Panama told a US Senate committee he made payoffs totalling more than \$300m to Panamanian military leader Manuel Antonio Noriega between 1979 and 1983. Brazil cocaine gang. Page 4

Mujahideen warning

Mujahideen guerrilla leaders warned that they would not stop fighting Soviet troops in Afghanistan until the present Soviet-supported government in Kabul was replaced by an interim administration with a Mujahideen head of state. Page 3

US accuses S. Korea

The US government launched a barrage of trade complaints against South Korea, citing broken promises, failure to enforce the law and misconceived special pleading by the Seoul Government. Page 4

Italian pilots strike

Dozens of Italian domestic flights were cancelled because of a strike by pilots over pay and conditions.

Insider dealing law

People accused of insider dealing by foreign countries, in particular the US, would be liable to extradition from Britain under a proposed UK law amendment. Page 12

Taiwan leader held

Ranched Taiwanese opposition leader Hsu Hsing Liang was arrested in Manila as he tried to board a Philippine Airlines flight to Taipei, wearing a wig and disguised to look younger. Taiwan labour disputes. Page 3

Drought victims 'shot'

Twenty Ethiopian drought victims were reported shot dead by government troops in northern Ethiopia for refusing to join a government resettlement scheme, the BBC said.

Iranians demonstrate

Iranians carrying pictures of Ayatollah Khomeini shouted "War, war, till victory" and burned US and Israeli flags in national demonstrations celebrating the ninth anniversary of their Islamic revolution. Iraq condemns Soviet. Page 3

Zaire 'bankrupt'

A Dutch judge declared the whole of Zaire bankrupt because its ambassador in the Netherlands had not paid his rent, gas and electricity bills or secretary's wages for months.

Los Angeles quake

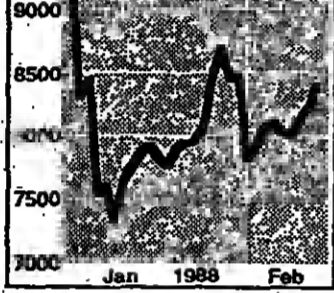
An earthquake measuring 5.9 on the Richter scale shook Los Angeles. Six people were killed, 20 buildings demolished and 96 fires started.

Maxwell bids for Australian newspapers

ROBERT MAXWELL, UK publisher, has made an offer for a package of Australian newspapers and business magazines including the Melbourne Age. The deal, if it goes ahead could be worth between A\$800m (US\$566m) and A\$1bn. Page 12

AMSTRAD, UK computer and consumer electronics group, surprised analysts with a 25 per cent jump in profits to \$80.12m (\$162m) for the half year to December. Page 13

NICKEL added another \$155 to the cash price, taking it to \$8,400 a tonne. Some analysts



believe the price is now on its way back to the \$9,000 peak reached in December. Page 20

WALL STREET traded in a narrow range all day. At 2pm the Dow Jones Industrial Average was up 7 at 1989. Page 32

LONDON: FT-SE 100 index closed up 11.5 at 1,729.8. Page 29

TOKYO markets were closed for a national holiday.

DOLLAR closed in London little changed at DM1.6910 (DM1.6900); Y129.10 (Y129.00); SFr1.2870 (SFr1.2860); FFfr5.7175 (FFfr5.7100). Page 21

STERLING closed in London at \$1.7687 (\$1.7615); Dm2.9726 (Dm2.9720); SFr2.4400 (SFr2.4425); FFfr10.0650 (FFfr10.0675). Page 21

ZANUSSI, Italian appliance manufacturer, had sales last year up 10.6 per cent to L1,769bn (\$1.42bn) and cash flow from L115bn to L178bn.

VOLKSWAGEN, West German automobile group, is to launch a new version of its Passat saloon and estate car in European markets during the spring. Page 13

SIDOR (Siderurgica del Orinoco), Venezuela's largest steelmaker, earned profits of \$27.2m in 1987 on sales of \$897m, down from \$70.5m in 1986. Page 15

IMASCO, Canadian fast-food to financial services group, posted a 40 per cent increase in earnings in the last nine months of 1987. Page 13

EDOUARD Balladur, French Finance Minister, abandoned hopes of privatising Union des Assurances de Paris (UAP), the country's largest insurance group, before April's presidential elections. Page 14

LEIGHTON HOLDINGS, Australian building and contracting group which is 45 per cent owned by Hoechst of West Germany added A\$1.1m to net profits which reached A\$4.2m. Page 15

AMATIL, Australian food group, has extended its Coca-Cola bottling franchise operations with deals in Queensland and Fiji for A\$46m (US\$32m). Page 15

SIDOR (Siderurgica del Orinoco), Venezuela's largest steelmaker, earned net profits of \$27.2m in 1987 on sales of \$897m, down from \$70.5m in 1986. Page 15

GENENTECH, US biotechnology company, filed a \$50m lawsuit against Monsanto and two former employees, alleging theft of trade secrets. Page 13

GRAY RESEARCH, Minneapolis-based supercomputer maker has introduced a \$20m supercomputer, the Gray Y-MP. Page 13

Italy ready again to play the political lottery game

By JOHN WYLES IN ROME

THE FIRST day of Italy's new political crisis proceeded according to time-honoured tradition yesterday. President Francesco Cossiga began his search for a new Government, the politicians began blaming each other for the mess they are in; and the statisticians measured the life-span of the coalition, headed by Mr Giovanni Goria at 196 days - putting it only in 25th slot in the post-war brevity league.

Having resigned on Wednesday evening after losing a vote never previously lost by an Italian Government, over the Ministry of Finance's administrative budget, Mr Goria was yesterday trying to solve broader problems in his caretaker status at the EC summit in Brussels.

There, Italy's youngest prime minister may have been struck by certain parallels between his government's plight and that of the Community: both have been spending well above their income and are without a proper 1988 budget; both are constitutionally afflicted by political weakness; and both are subject to external domination. In the Community's case, it is the member governments which ultimately dispose, and in Mr Goria's, the leaders of his coalition parties.

According to reports here, the two main party leaders were at odds about whether Mr Goria should resign after his 17th parliamentary defeat in the last three weeks. Mr Bettino Craxi, the Socialist Party leader, urged him to seek a parliamentary debate on the Government's future, but Mr Ciriaco De Mita, the Christian Democrat secretary and the man who made Mr Goria premier, told him to turn in his resignation.

As often happens after days of excitement and hyperbole, the politicians appeared gripped by lethargy yesterday. No one could guess how long it will be before a new government is sworn in, nor who will lead it.

Ford to lay off further 7,200 from Belgian factory

By Charles Leadbeater and William Dawkins

A FURTHER 7,200 production workers are to be laid off at Ford's assembly plant in Genk, Belgium, as a result of the deepening disruption to the company's Continental operations caused by the strike of Ford's 32,500 UK manual workers, which started four days ago.

From Monday the workers from Genk's Sierra production line will join 2,500 workers from the plant's Transit line who were laid off on Tuesday. Both lines rely on parts manufactured at some of the 22 strike-bound plants in the UK.

Sierra production will be halted because the UK strike, over the company's three-year pay and conditions offer, has stopped supplies of body panel reinforcement brackets.

The latest layoffs at Genk mean that 9,700 of the plant's 11,000 employees have now been sent home, on 85 per cent of their salaries.

The Belgian factory will now be losing production of 1,670 vehicles a day, worth BF473 (\$13.4m) at showroom prices.

This is in addition to the \$380m (\$668m) Ford in Britain has lost as a result of the strike and unofficial disputes during negotiations which started last October.

European union officials said it was likely there would be lay-offs next week at the company's plant at Saarlouis in West Germany, where production has already been cut by 350 vehicles a day to 1,000.

Union officials at Ford's Cologne factory said they had been told that the Cologne engine plant would come to a halt on February 14.

Union officials at the Iveco Ford Truck plant at Langley, just outside London, which relies on engines from Dagenham, Essex, and other parts from Swansea, Wales, have been told that production is likely to be disrupted in 10 to 13 days.

Ford is attempting to maintain production at Cologne by making extra shipments of engines from its engine plant at Valencia, Spain.

However, British union leaders said that both the West German union IG Metall, and Spanish union leaders had given a commitment that they would not work extra overtime or boost production to allow the company to make up for the shortfall of supplies from the UK.

The Transport and General Workers Union, the main Ford union in the UK, expects the strike to last several weeks. Renault strike threat in UK. Page 6

Summit hopes hinge on compromise over regional aid package

By DAVID BUCHAN IN BRUSSELS

THE FATE of the crisis summit on the EC's budget hung in the air last night, but a possible compromise emerged on increasing structural economic aid to poorer regions.

However, the real search for an overall financial accord that has eluded the EC for more than a year is only expected today. The hardest fighting is likely to be over proposed price cuts, production thresholds and financial guidelines to stabilise the ever-soaring farm budget.

A glimmer of hope for a deal on how much to increase "structural" or regional spending, currently Ecu7bn (\$8.54bn) a year, came from a meeting between Mrs Margaret Thatcher, the UK Prime Minister, and Mr Felipe Gonzalez, her Spanish counterpart. Both acknowledged the need for a better balance between regional aid and farm spending.

Hints emerged from the bilateral talks that, if a tight cap could be put on agricultural subsidies, Britain might agree to more than a 50 per cent increase in structural funds, while Spain might ease its demand that these funds (chiefly benefiting itself, Portugal, Greece and Ireland) be doubled by 1992.

An Anglo-Spanish rapprochement would be vital because most other members seem ready to accept an increase in the 64 to 76 per cent range suggested by the West German presidency.

The UK is particularly interested in attracting to its side any potential "swing" votes, such as that of Spain, in the remaining disputes on sectoral farm products. These are cereals and oil seeds, predominantly northern products. Spain has been a vocal proponent of the position of the UK, which has so far been the strongest opponent of proposals for doubling the structural funds.

Mr Kohl yesterday defended the modest compromise, which would see agricultural subsidies in his EC presidential paper.

Mr Jacques Chirac, the French Prime Minister, attending the summit in tandem with his probable electoral rival, President Francois Mitterrand, gave a warning that he was not satisfied with some farm product stabilisers notably on wine and sugar - which others thought had been firmly agreed two months ago at Copenhagen.

He could go on today to prove Mrs Thatcher's toughest opponent on cereal output limits and a financial ceiling for the EC farm budget.

Despite his resignation yesterday as the Italian Prime Minister, Mr Giovanni Goria is representing Italy at the summit.

Leysen is confident about La Generale defence plan

By TIM DICKSON IN BRUSSELS AND PAUL BETTS IN PARIS

MR ANDRE LEYSEN, the Flemish businessman, will announce today whether Belgian investors have rallied behind his latest plan to defend Société Générale de Belgique against the hostile takeover attempt of Mr Carlo De Benedetti.

In Brussels yesterday Mr Leysen confidently predicted that following his dramatic late night deal on Wednesday with Compagnie Financière de Suez, the French financial group which speaks for 20 per cent of SGB shares, he would be able to muster an "amalgamated group" of shareholders with an overall majority of the company's capital.

Doubts, however, were being expressed in both Paris and Brussels last night over the enthusiasm of some members of Mr Leysen's camp for the agreement, while further frantic buying of SGB shares on the Brussels bourse - the price jumped above BF6,000 (\$141.6) at one point before closing at Bfr4,850 - prompted speculation that Mr De Benedetti will again increase his offer.

"I'm convinced that the battle is not yet over", a Belgian stockbroker who has explained that under the outline deal Suez will cede 5 per cent of its holding to his "camp" which would then hold 38 per cent of SGB. Suez, meanwhile, confirmed that it is happy for the SGB management to remain in Belgium, while it shares Mr Leysen's aim of developing a more European oriented strategy.

Mr Leysen's camp consists of 18 different Belgian companies and institutions, including the insurance companies Royale Belge and AG, the brewery concern Artois, and a new Flemish investment company Lessius.

The doubts of some of these groups were understood to centre on the possible cost of the operation, the cohesion of the different parties, and fears about the intentions of the French part of the proposed "coalition."

He also repeated his willingness to allow Belgian shareholders "equal" participation in the capital and an equal number of seats on the board to be chaired by a Belgian, but he added that he would create in the interests of effective management a new executive committee which he would head.

Bank urges London SE reform

By CLIVE WOLMAN IN LONDON

MR ROBIN Leigh-Pemberton, Governor of the Bank of England, last night called for a "reconsideration" of the fortnightly stock exchange account system, which he said could be a potentially destabilising factor in the financial system in the event of another sharp fall in share prices.

"One characteristic of the stock exchange account arrangements in London is that they can contribute to an accumulation of counter party exposure," he said in a speech at the City University Business School in London. He suggested this could lead to a domino effect, with one insolvency triggering another.

Under the account system, share bargains must be settled by the transfer of cash and share certificates between buyer and seller only once every two weeks. As a result, there is an average 16-day delay between the striking of a bargain and its settlement, even if bargains are settled promptly. Many bargains remain unsettled for several account periods.

Mr Leigh-Pemberton said that at the time of the October crash, these features of the system "gave rise to worries in the market about a number of firms and clients - which, fortunately, in the event, turned out to be misplaced. But in circumstances where the whole system is under strain, the likelihood of contagion is far greater if firms are disproportionately exposed to particular counter parties."

Evidence of the level of UK stock market liquidity four months on from the crash came yesterday when County Natwest Investment Management, the fund management arm of the National Westminster bank, of the UK, said it had carried out a package deal involving the purchase and sale of 422 UK stocks, in a set of transactions worth \$350m (\$615m).

The size of the deal, which was carried out three weeks ago by the London stockbroker firm, James Capel, for three County Natwest investment clients, demonstrated that market liquidity had been largely restored to the pre-October crash level, Mr Bruce Pullman, one of the investment managers involved, said. The largest package deal carried out before the crash is thought to have been about \$350m.

The latest transactions were carried out at prices only slightly worse than those being

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INITIATIVE Lombard: the fetish of liquidity 11

Lex: Bank of England; Amstrad; La Generale; BOC 12

Belgium: self-made industrialist holds the ring 14



King Hussein is maintaining pressure for a conference involving regional parties, Page 12



Paul Volcker, ex-Federal Reserve Board chief (right), with Geoffrey Owen, Financial Times editor, in the newspaper's London newsroom last night

FT celebrates 100 years in the pink

By PHILIP STEPHENS, ECONOMICS CORRESPONDENT, IN LONDON

MR NIGEL Lawson, the UK Chancellor of the Exchequer, yesterday broke with tradition when he told guests of the Financial Times that there was no prospect next month of a cut in the basic tax rate to the level seen when the newspaper was first launched 100 years ago.

Speaking at a dinner to celebrate the FT's centenary, Mr Lawson told guests at the Gullhall in the City of London that it was a well-established and soundly based tradition in the month or two before the Budget that the Chancellor makes no speeches and avoids breaking the rules for the first time in almost five years as Mr Chancellor to help celebrate its first 100 years.

Continued on Page 12

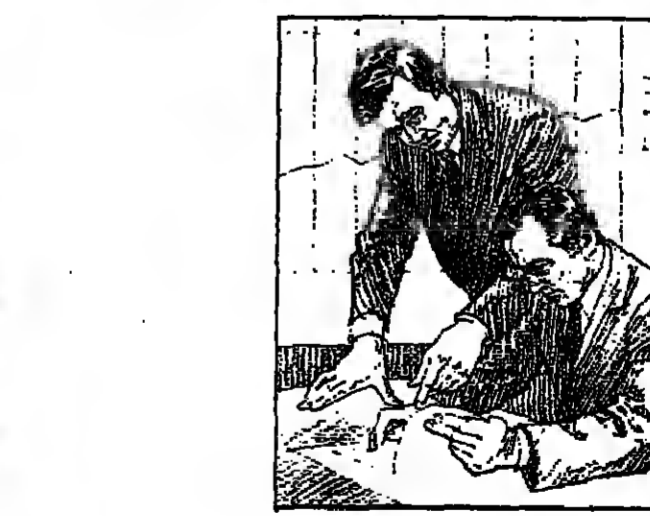
FIRST ISSUE REPRINT

THE first issue of the Financial Times was published 100 years ago tomorrow. The original four-page issue is re-published as part of today's paper. Tomorrow's issue will include a review of The Financial Times, a Centenary History, by David Kynaston, published by Viking at \$25.

An 84-page survey, The First Hundred Years, will be published in Monday's Financial Times. In it, FT writers and distinguished outside contributors look back over the past century and forward to the next. The survey spans the full range of the FT's coverage, including business, economics, politics, technology and the arts.

Centenary dinner, Page 6

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EUROPEAN NEWS

Eastern Europeans are on the move, Leslie Collit and Christopher Bobinski report

Bite of the travel bug leads people to the West

A STREAM of tiny slow-moving European cars with PL, H and DDR nationality stickers joined the tide of traffic on Western Europe's highways last year...

as well as bringing hard currency into the country. Savings held by Poles in hard-currency accounts at Polish banks invariably dip before the summer season...

tourist trips to Western countries in 1986 compared to 1.2m in 1981 and a mere 300,000 in 1982, the first year of martial law...



Several Eastern European countries have recently eased travel restrictions to the West - but attempts to take advantage of the new freedom are often hindered by red tape and suspicion on the part of the Western governments

result was that only 492,000 out of 15.5m Czechoslovaks visited the West in 1986. The rise in the number of visits by the West to the East...

their journeys to the West only 24 hours before the departure date. About 1.2m younger East Germans visited relatives and friends in West Germany last year...

ment in liberalised travel is likely to be expanded if the number of East Germans who fall to return home remains low...

Romania has Eastern Europe's most restrictive policy on travel to the West and Romanians even find it difficult to visit their own country...

US drops demand for sole say in joint space station

The US has backed down on demands that it remain in sole charge of a \$20bn international space station due for the 1990s.

Nato urged to review strategy

By Robert Mautner, Diplomatic Correspondent. MR FRANCOIS Heisbourg, director of the London-based International Institute of Strategic Studies, yesterday added his voice to a growing number of advocates of a new 'wise men's' report on Nato's strategy and arms control priorities.

Spain markets bill ready for approval

THE SPANISH Government is expected today to approve legislation to put before parliament for long-awaited reforms of the stock exchange.

Turks act on Kurd incursions

By Jim Bodger in Ankara. REGULAR Turkish army troops are replacing gendarmes guarding Turkey's 13 border crossings with Syria, Iraq and Iran.

Jaruzelski attacked for closer ties with Israel

By Christopher Bobinski in Warsaw. THE EFFORTS of Gen Wojciech Jaruzelski, the Polish party leader, to bring relations with Israel have come under fire from within the Polish communist establishment.

Hungary's communists divided in face of pressures for reform

CONFRONTED with growing pressure for political liberalisation, the Hungarian Communist leadership is divided on how to deal with the situation.

Leslie Collit examines the growing movement among intellectuals calling for liberalisation

Leslie Collit examines the growing movement among intellectuals calling for liberalisation. He attended the reform-minded meeting of the People's Patriotic Front...

Spain markets bill ready for approval

The capital markets bill, announced in outline last July by Mr Carlos Solchaga, the Economy Minister, has undergone a painstaking drafting process...

Honecker agrees to ease links between Berliners

BY LESLIE COLLIT. NEARLY 40 years after the division of Berlin into East and West, the East German leader Mr Erich Honecker and the Mayor of West Berlin, Mr Eberhard Diepgen, agreed in East Berlin yesterday to improve Berlin's contacts with East Berlin and surrounding East Germany.

Cyprus's president faces the toughest test of his Houdini-like powers of survival, writes Andriana Ierodiaconou

The boredom factor threatens Kyprianou's election hopes. WHEN Greek-Cypriots wake up on Sunday, their minds will not be on St Valentine, despite the arrival through television advertising of that hitherto little-known saint on their island.

Palestinian boat to sail by Saturday

PLO OFFICIALS said yesterday that a secret war by Israel would be the departure of a shipload of Palestinian deportees, but they promised to sail for Israel by Saturday morning.

Abu Sharif, who said on Wednesday that Israel had threatened the families of shipworkers said that all threats extended even to sailors.

He cited a telegram of support by Greece's dominant seafarers' union, the Panhellenic Union of Merchant Seamen.

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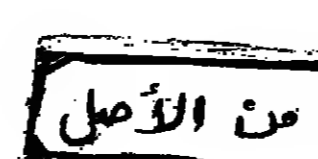
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Pakistan stance could ruin peace deal, says Kabul

BY WILLIAM DULLFORCE IN GENEVA

NO AFGHAN solution will be reached in Geneva next month if Pakistan insists that it will sign a peace agreement only when a neutral interim government has been set up in Kabul, Mr Abdul Rahim Hafez, President of the Afghan National Reconciliation Commission, declared here yesterday.

"We will not give anybody such power to decide the internal problems of our country," Mr Hafez added. The Commission he heads was set up by the Soviet-backed regime in Kabul at the beginning of last year.

Mr Hafez, who described himself as a non-politician with no party affiliation, also said there was "no question" of the People's Democratic (Communist) Party being excluded from the coalition government that would run Afghanistan after the signing of a peace agreement.

There was "no such idea" that President Najibullah and the PDP would be "neglected from power", Mr Hafez said. The coalition government would offer scope for all parties, "opponents and state parties", to come together for the recon-

Rebels say regime has to go

By John Elliott in Islamabad

MUJAHIDEEN guerrilla leaders last night warned that they would not stop fighting Soviet troops in Afghanistan until the present Soviet-supported government in Kabul was replaced by a interim administration with a Mujahideen head of state.

This has been decided by the Mujahideen leaders as a response to the announcement earlier this week by Mr Mikhail Gorbachev, the Soviet leader, that Soviet troops could start leaving Afghanistan on May 15 if an agreement is signed at talks in Geneva starting on March 2.

Yesterday Mr Yuri Vorontsov, Soviet deputy foreign minister, said in Islamabad after meeting Pakistan Government leaders that the peace accord's four documents dealing with troop withdrawal, non-interference in Afghanistan by outside powers, and the return of refugees "are ready and can be signed speedily".

He warned that "any delays in the signing of the accords will not be of the Soviet Union's making".

The Mujahideen's decision to continue fighting till the government is changed, irrespective of whether there are troop withdrawals, highlights the first big snag to appear since Mr Gorbachev's speech. It is, therefore, a tougher Mujahideen line than previous statements about continuing fighting till Soviet troops leave.

"Out first condition is that the government must be changed. We will fight till that happens," said Mr Yousaf Karzai, chairman of an alliance embracing the seven main guerrilla groups.

"We were fighting the Communist-based regime before the troops arrived eight years ago. It is the regime which is our prime target, and unless this thing is solved we carry on fighting," said Mr Sayed Gallani, leader of the moderate National Islamic Front.

South Korean appointment signals more democratic approach

Roh names Prime Minister

BY MAGGIE FORD IN SEOUL

MR ROH TAE WOO, President-elect of South Korea, yesterday signalled his intention to pursue a more liberal approach to government by appointing a Prime Minister with clear democratic credentials.

Breaking with a tradition followed by the last two military-backed rulers, he appointed Mr Lee Hun Jae, 59, a top academic born in Chungchong province. Almost all leaders of the country's ruling group, including Mr Roh and President Chun Doo Hwan were born in the highly developed, rich Kyongsang province, which has been a big cause for complaint in the past.

Mr Lee demonstrated his objection to authoritarian rule when he resigned his post as president of Seoul National University in 1985, in protest at the introduction of a repressive law against student demonstrations.

He is to be given a say in the selection of the new cabinet to be appointed later this month, contrary to past practice.

In an effort to follow through on his promise to pursue national reconciliation, Mr Roh is reported to have looked first to the disadvantaged Cholla province for a candidate, but to have found nobody suitable.

Mr Lee, whose background is in economics, returned to teaching after his resignation. He was responsible for negotiating

with student leaders and the university administration and has an image of fairness and good administrative ability.

The rest of the Cabinet posts are to be announced shortly before Mr Roh's inauguration on February 25. His new presidential secretary was also appointed yesterday. Mr Hong Sung Chul, 62, was born in North Korea and a former senior officer in the Marines; he has served at top level in the presidential secretariat and in Cabinet posts for a number of years.

Meanwhile, South Korea's opposition politicians have reacted rapidly to the resignation of Mr Kim Young Sam as leader of the biggest party last Monday. Mr Kim's resignation, in order to pave the way for unity of the opposition before National Assembly elections in the spring, has been followed by a spate of meetings between his Reunification Democratic Party and the Party for Peace and Democracy led by Mr Kim Dae Jung.

Both Kim were widely blamed for splitting the opposition in last year's presidential election, allowing Mr Roh to win with only 37 per cent of the vote. Mr Kim Dae Jung has hinted that he too may take a back seat in the interests of unity.

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Meanwhile, South Korea's opposition politicians have reacted rapidly to the resignation of Mr Kim Young Sam as leader of the biggest party last Monday. Mr Kim's resignation, in order to pave the way for unity of the opposition before National Assembly elections in the spring, has been followed by a spate of meetings between his Reunification Democratic Party and the Party for Peace and Democracy led by Mr Kim Dae Jung.

Both Kim were widely blamed for splitting the opposition in last year's presidential election, allowing Mr Roh to win with only 37 per cent of the vote. Mr Kim Dae Jung has hinted that he too may take a back seat in the interests of unity.

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Vietnam to free former officials

VIETNAM announced yesterday that it will free more than 1,000 former officials of the overthrown South Vietnamese government who had been held in "re-education" camps since the Communist victory in 1975. AP reports from Bangkok.

The amnesties were among more than 9,000 granted to prisoners and detainees who were being released or having their terms reduced to mark Tet, the lunar new year falling on February 17, said Vice Minister of Information Phan Quang.

Authorities have been celebrating the 20th anniversary of the 1968 Tet offensive, when the Communists launched a widespread attack on US and South Vietnamese troops in a turning point in the war.

Quang told a news conference in Hanoi that the officials were among 2,586 prisoners and 3,820 detainees being freed. He said 2,788 prisoners were having their terms reduced.

Quang, quoted by the official Vietnam News Agency monitored in Bangkok, said the former officials included "quite a number" of generals, high-ranking officers, Cabinet ministers, senators, and members of the lower house.

Mixed reaction to Hong Kong proposals

IF PRO-CHINESE newspapers in Hong Kong were all praise yesterday for the good sense of government proposals for political reform, published on Wednesday in a long-awaited white paper, then most other sections of the media, and a large number of public figures, gloomily reflected on the pervasive influence Peking's pressure had exerted on the colonial administration. David Dodwell reports from Hong Kong.

Many noted the greater-than-usual significance of the document, which is likely to be Britain's last contribution to political development in Hong Kong before China resumes sovereignty in 1997.

Both the Da Gong Bao and the Wen Wei Bao, the two Hong Kong newspapers most closely identified with Peking, praised the white paper, supporting the Hong Kong Government for avoiding sudden change, and suggesting that the evolutionary approach adopted would aid a smooth transition through 1987.

The white paper veered away from introducing direct elections to the territory's Legislative Council this year, and instead laid plans for 10 out of the 56 seats on the council to be filled by direct election in 1991.

Mr Lee, however, maintains a heretic position in the conservative Legislative Council, where most members were willing to accept the government argument that division of opinion over the pace of political reform made it advisable on balance to delay major reforms until 1991.

Mr Martin Lee, referring to the title of the white paper, "The Way Forward", commented: "Anybody who can pretend this document represents a way forward must be sleep-walking."

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months wages, are considered traditional in Taiwan. The actual amount paid workers, however, generally depends on how companies' business has gone in the preceding year.

Taiwanese companies have over the past year or so been hit hard by a sharp appreciation of the Taiwan dollar. Thus, profits have

fallen, and many say they are unable to pay the sort of year-end bonuses workers expected.

As a result, thousands of workers at such companies as Tatung Company, the electronics giant, textile maker Far Eastern, and automakers Ford Lin Ho and Yae Loong, this week

worried labour leaders, who feared that the process could escalate into walk-outs or strikes, which are still technically illegal under Taiwan law.

The Government is preparing legislation covering workers' rights in the wake of martial law, which was

lifted last July after almost 40 years. One proposed revision is now before parliament, while another will soon be sent to MPs by the Cabinet.

The deputy chief of Taiwan's labour commission said Thursday that, to his knowledge, most disputes had already been settled.

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Soviet coolness on Iran arms embargo irks Iraq

IRAQ has again condemned the Soviet Union for not supporting more vigorously moves in the UN Security Council for an arms embargo against Iran, Richard Johns reports from Baghdad.

The latest public complaint by Mr Taha Yassin Ramadan, the powerful First Deputy Premier, comes only a week after the visit to Moscow by Mr Tariq Ali, the Foreign Minister, and reflects the Baghdad regime's growing frustration with the failure of the council to have agreed on sanctions in support of July's Resolution 598.

In polite but pointed terms Mr Ramadan accused Moscow of "furthering international inter-

ests" at the expense of a resolution of the conflict.

Western diplomats believe that one reason for Soviet diffidence over the question of an embargo is its concern to obtain Iran's non-interference in Afghanistan's affairs in the event of a Soviet withdrawal.

Mr Yassir Arafat, Chairman of the Palestine Liberation Organisation, plans to go to Moscow before the end of February for talks on the US initiative. He is looking for a full-scale Soviet commitment to an international conference as the framework for a peace talks and FLO representation

PRETORIA REACTS TO BOPHUTHATSWANA COUP ATTEMPT

Homeland ties to be tightened

BY ANTHONY ROBINSON IN CAPE TOWN

PRETORIA will tighten its links with the homelands after a spate of military coups and allegations of corruption, Mr Pik Botha, the Foreign Minister, said yesterday. He was addressing a press conference after returning from Bophuthatswana where South African security forces restored President Lucas Mangope to power after Wednesday's thwarted coup.

The platinum-rich "independent" homeland was reported to be calm yesterday after South African police and army units released President Mangope and other officials on Wednesday night from the sports stadium where they had been held

by troops loyal to Mr Bolesile Malebane Metsing, the coup leader. Five people were killed in the coup and 150 detained by South African security forces but Mr Metsing escaped arrest and fled.

After revealing details of the coup, including death threats against President Mangope and the alleged African National Congress links of Mr Metsing, Mr Botha re-stated Pretoria's doctrine of de facto limited sovereignty for neighbouring southern African states.

Asked whether South Africa would tolerate an ANC presence in the neighbouring countries Mr Botha replied: "The day any government, including

those of the four independent homelands, feels it is in its interests to ally itself with a terrorist organisation we will make our views known in a number of important ways. Asked whether South Africa would intervene militarily in other countries he added: "All things being equal we would have responded in the same way if the coup had happened, for example, in Botswana or any other neighbouring state."

He made clear that in the Bophuthatswana case there was no real threat to South African security because it had been overturned within 19 hours. "But a threat could have developed if the situation had been left unchecked."

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AMERICAN NEWS

Ex-Reagan aide guilty of illegal lobbying

PRESIDENT Ronald Reagan's former political director, Mr Lynn Nofziger, was found guilty yesterday of illegal lobbying in violation of conflict-of-interest laws...

Contra talks move

CONTRA rebel leaders, still reeling from a cutoff of US aid, have agreed to resume ceasefire talks with the Nicaraguan government...

Stewart Fleming reports on the Vice-President's failing hopes of a decisive win in New Hampshire Bush becalmed as Iowa breezes fill Dole's sails

VICE-President George Bush's hopes of coasting to a comfortable victory in the New Hampshire primary next Tuesday...



Bush inches at the GTE plant in Hillsboro, New Hampshire

concerned about Mr Bush's electability and his fuzzy image amongst voters...

with concern the testimony which Mr Jose Blandon, a former top aide to Panama's military leader...

New Hampshire. Mr Robertson is running fourth with the support of about one tenth of prospective primary voters...

SEC steps into row on takeover legislation

THE US Securities and Exchange Commission yesterday took the first step in what could turn into a major legal tussle between the federal and state governments over the controversial issue of anti-takeover legislation...

Warning on debt forgiveness

LLOYDS BANK chairman Sir Jeremy Morse argued forcibly yesterday that debt forgiveness would not provide a solution to the debt crisis...

yet ready to accept the inevitable, he said. Sir Jeremy said that the Baker Plan still represented the "conventional wisdom" with its emphasis on growth and structural change...

encourage capital flight. Prof Richard Portes from the London Centre for Economic Policy Research, favoured debt forgiveness, which was already being considered through structural adjustments in the debtor countries...

US retail sales in January rise surprise 0.5%

US RETAIL sales rose an unexpected seasonally adjusted 0.5 per cent in January, the US Commerce Department said yesterday. This follows an increase of 1.2 per cent in December...

Brazilian police raids net Rio cocaine gang

AN ELITE squad of Brazil's federal police were yesterday celebrating the most successful drugs gang bust in the country after the arrest of 30 alleged cocaine traffickers...

WORLD TRADE NEWS

Argentina cuts import duties to aid industry

SIGNIFICANT reductions in Argentine import duties on a wide range of steel and petrochemical products were announced by the Trade Ministry in a move aimed at reducing costs in local industry...

End seen to North and South trade split

THE active involvement of developing countries in the Uruguay Round of multilateral trade negotiations signals an end to the traditional "North-South" confrontation in the international trade arena...

Maggie Ford reports on a resurgence of friction after the election US tightens the screws on S Korea

THE US Government has launched a barrage of trade complaints against South Korea, citing broken promises and misinterpreted special pleading by the Seoul government. A host of issues, mainly centred on market opening measures, have sent South Korean officials scurrying to Washington to confer...



US supplied the entire market - Washington officials believe they are symbolic of the country's sincerity in following free trade principles. "Exporters are fed up," an official said. "It's a matter of whether we can do business or not..."

against beef exports. South Korean officials and advisors have pleaded that publishers face bankruptcy and students will be penalised if intellectual property rules are enforced strictly. During the past year the Government has made attempts to switch imports from Japan to the US...

Finland's exports to Moscow fall 19%

FINLAND'S exports to the Soviet Union declined by 19 per cent last year as a result of a severe imbalance in bilateral trade which is governed by a special agreement. Exports to the European Community and to the European Free Trade Association...

UK and Nigeria struggle to agree new air accord

EFFORTS by British and Nigerian government officials to renegotiate the air services agreement between London and Lagos contract on a temporary basis...

Ansaldo ahead for India power project

General Electric Company of the UK and the British Department of Trade and Industry are having talks with Ansaldo, and with Babcock and Wilcox of Canada, about a bid for supplying and erecting boilers on the 1,000MW project...

Ansaldo ahead for India power project

NEI is not a runner for the British tender's boilers because its proposed price is believed to have been too high and because of disagreements over contract conditions. However, NEI denied any suggestion that it was not interested in Rihand Two.

Ansaldo ahead for India power project

The value of metal and engineering exports increased by 5 per cent to \$1,154 million. According to Bank of Finland figures, the country's balance of payments sank deeper in the red, from \$4,515 million to \$4,215 million. Finland's external debt now stands at \$1,555 billion or 14.2 per cent of GDP.

Handwritten text at the bottom of the page: "سكرا من الاصل"

FT CENTENARY DINNER

Young Nigel makes good

By Raymond Snoddy

THE YOUNG features editor of the Financial Times in the late 1950s was a shade on the flamboyant side. He wore a yellow waistcoat and green bow tie and, according to David Kynaston, the official historian of the FT, had a self-confident manner that did not make him "everybody's favourite person."

But before he left after four years, the young Nigel Lawson had given evidence of his future monetary promise by initiating an annual Cost of Living Round the World feature, which proved conclusively that Caracas was then the most expensive capital city in the world.

Last night Mr Lawson, Chancellor of the Exchequer, now without his yellow waistcoat, deputised for Mrs Margaret Thatcher, the Prime Minister, who had been called away to Brussels, as the principal speaker at the centenary dinner of the Financial Times at London's Guildhall.

More than 650 people — a wide cross-section of the top 0.01 per cent of British society — sat down to dine off pink tablecloths decorated with pink orchids and Royal Doulton plates.

They drank wine from Chateau Latour, like the FT a Pearson company, and champagne from Royal Doulton crystal glasses, another Pearson company. At the £60,000 centenary bash there were 26 peers of the realm, 47 knights — not including Mr Andrew Knight, chief executive of The Daily Telegraph — 10 ministers or former ministers, nine ambassadors, two newspaper proprietors, two women, apart from those associated with the Financial Times, and two religious leaders, one an Anglican and the other a Moslem.

Before the salmon trout, the celery and orange soup and the roast quail there were three trumpet fanfares by trumpeters of the Life Guards Regiment of the Household Cavalry at the Storm Door of the Guildhall.

One was for the arrival of Mr Paul Volcker, former chairman of the board of governors of the Federal Reserve System of the US and one of the evening's main speakers, a second for the Lord Mayor of London, Sir Greville Spratt, and a third for the former features editor of the FT, Mr Lawson. The choir of St Paul's Cathedral and the trumpeters combined for a sung anthem based on Psalm 112.

The organising of the centenary dinner — the actual anniversary is Saturday, February 13 — has been under way for the past two years.

Those who were invited but unable to attend included Mr Rupert Murdoch, who now owns 20 per cent of the FT, Chateau Latour and Royal Doulton China, his Wapping antagonist Ms Brenda Dean, general secretary of the print union Sogat, and all the living former British prime ministers except Lord Callaghan.

At the end of the evening all the guests received a copy of the centenary history of the FT (price £25), a Royal Doulton china figure, a partridge in an FT and a free copy of the first edition of today's paper.

The grand Guildhall occasion and the newspaper delivered to it were a universe away from the launching of a four-page broadsheet in February 1888 carrying the banner Without Fear and Without Favour.

In its first issue it was enthusiastic about the prospects for machine-made bottles and concerned about Europe's diplomatic chessboard in the light of Russia's Balkan policy.

Soon it was campaigning against "guinea-pigs" or "ornamental" directors, aristocrats who were elected to boards of new companies on account of their social rather than their financial attractiveness.

The first properly documented editor was Leopold Graham, who was appointed on July 16 1888 at £6 per week.

The colourful writer Frank Harris said of him: "He had no notion of writing and was poorly educated, but had a smattering of common French phrases and a real understanding of company promoting and speculative City business."

His modern-day successor as editor, Geoffrey Owen, can write, has a good education, and would probably fire any journalist with too great an understanding of promoting companies or speculative City business.

Like the very model of a modern multi-media editor, Mr Owen will be appearing on BBC Breakfast Time this morning.

MR NIGEL LAWSON, Chancellor of the Exchequer, gave the following speech at the Guildhall.

It must be clear to all of you that I am not making this speech. Nor indeed am I here tonight with the Financial Times. For I am in Budget Purdah. And it is a well established and soundly based tradition that, during the month or two immediately prior to the Budget, the Chancellor of the Exchequer makes no speeches and avoids the company of pretty well everyone, but most particularly of the press.

But tonight, for the first time in almost five years as Chancellor, I have given myself a special dispensation to break the iron rules of Budget Purdah. I have done so for two reasons.

First, this is a great and special occasion, marking as it does the centenary of one of the great newspapers of the world. And second, because I myself had the great good fortune to be part of the FT during its golden age, in the 50s, under the outstanding editorship of Gordon Newton. It was an experience, and an education, that has stood me in good stead ever since. And of course, it was tremendous fun.

I have no time, in my brief remarks this evening, to chart the history of the first hundred years of the FT. In any case, it is wholly unnecessary to do so. For the paper has itself commissioned a great work of piety, by young Dr David Kynaston, to mark the centenary, which does just that.

I cannot say that I have yet read it cover to cover. It is, as Gordon Newton was wont to say, a veritable magnum opus. And I don't have much time to read opus in this job. But I have dipped into it. I began, where I suppose we all do, with the index. Looking through the references to myself, I turned up a brief account of the choice of the successor to Gordon Newton as editor, and read the following:

"There was some possibility of Nigel Lawson returning to the fold, but when approached he expressed an unwillingness to accept a probationary period as Editor of the Investors Chronicle."

My Lord Mayor, Lord Chancellor, Your Excellencies, Your Graces, My Lords, Sheriffs, Ladies and Gentlemen. We celebrate tonight 100 years of the Financial Times. We had thought that it might be a double celebration — as tonight is also the 13th anniversary of the Prime Minister taking on the leadership of her party. As you know, she has an emergency meeting in Brussels, and sadly cannot be with us, but I would like to extend on behalf of the FT a special welcome and thanks to the Chancellor of the Exchequer, Nigel Lawson, who is our guest of honour, to Paul Volcker, who has been a dominating figure in post-war economic life in the United States, to our Lord Mayor, Sir Greville Spratt, and to all our guests.

The leading article in the first issue of the FT in February 1888 was entitled "Our-selves". It explained that the paper was designed to supply "a long-felt want" and it concluded with these words:

"The congratulations we have received, the good wishes, the earnest and liberal offers of assistance, the promises of active support, the eager curiosity to discover our personal identity, the consternation already caused in various financial camps, the astounding revelations which are being daily confided to us, the angry threats, the cautious overtures — these and numerous other evidences have satisfied us, more conclusively than ever that a financial paper for the City of London carrying the banner WITHOUT FAVOUR, will not fail for lack of a *raison d'être*."

Lord Blakenham: We intend to remain ourselves and those of any of our contemporaries. Today we are concerned only with ourselves. Our attitude, our principles and our programmes are summed up in the motto we have quoted whilst they are elaborated more in the corners of our title page. This is the field we have entered — and our arrangements have been made with a view to permanent occupation."

In the left corner of the title page the new paper described itself as: "The friend of the honest financier, the *bona fide* investor, the respectable broker, the genuine director, the legitimate speculator."

The two papers remained rivals for nearly 60 years until they merged in 1945, under the leadership of Brendan Bracken, to form the springboard for the modern Financial Times.

In the time we have I cannot cover much of the history of the FT. David Kynaston has written a short (540 pages), brilliant and enormously readable book, published today by Viking Penguin, a copy of which will be presented to everyone as they leave, but I would none the less like to say a few words about some of the personalities and fundamental attitudes that have brought the FT to its present pre-emi-

I have to say I still find it hard to decide which was the greater insult: the suggestion that I should edit the Investors Chronicle or the view that I needed a probationary period. But all a well that ends well. And I am particularly glad that the paper now has as its Editor my protegee, Geoff Owen, who started 30 years ago as a feature writer when I was Features Editor.

With the exception of Sam Brittan, the undoubted star of today's FT and for many years past, most of us from the 50s vintage have long since gone our separate ways, and a new generation with new conventions has taken over — not in all respects a change for the better. Dr Kynaston's opus quotes this, from an FT leader in the 50s:

"The right relationship between Chancellor and Treasury officials is perhaps that of a vigorous swashbuckler whom the officials contrive to restrain."

Nowadays this timeless and light-hearted observation is served up annually as a sensational news story. But the FT remains, as I have already observed, one of the great newspapers of the world — and, indeed, a national institution. For all its faults, it would in my personal opinion be a sad day if it were ever to lose its independence of other newspaper groups.

It is good to see so many old friends and former colleagues here this evening. It would be invidious to mention some and not others. But I am particularly pleased you have invited Paul Volcker, the outstanding central banker of his generation, to speak this evening. He and I have been colleagues over the years in the G6 and G7 — and on one never-to-be-forgotten occasion, the G6.

And now, unlike me, he is free to speak unfettered by the constraints not only of Budget Purdah, but for almost the first time in a very long and immensely distinguished career, unfettered by the constraints of public office of any kind. In every sense, he is a man of exceptional stature — which makes all the more remarkable his achievement, during a period of particularly difficult international financial negotiations in the 'seventies, of getting

into and out of Tokyo unnoticed by the press.

So I gladly leave the meat in the sandwich to Paul. But I would just, very briefly, say this. The old debate between Keynesianism and monetarism is becoming increasingly dated. The battles that had to be fought have been fought and won. A new consensus has emerged over the conduct of domestic economic policy, with financial discipline at its heart, and which only a few dinosaurs would now dispute.

The problems for the future lie in the international sphere, and in the impact of these forces on our national economies. How to come to terms with the implications of



Nigel Lawson: Life was easier in 1888

global financial markets of all kinds, fully equipped as they are with the latest developments in information technology. What is the right balance between supervisory regulation and market freedom? What is the practical scope, and what are the practical limits, of international co-operation in a world of global financial markets and independent sovereign states? These are the issues we need urgently to be addressing now.

How much easier it all was when the Financial Times was first launched, a hundred years ago — a time when it took 11 days to get to New York when the weather was good, and a fortnight if it was bad. And 40 days to get to Tokyo by

the quick route via Italy, Egypt and Shanghai. And when government was so much smaller and Budget speeches so much longer.

In preparation for my own next effort on the Idea of March, I took a look at the Budget speech of March 1888. The Conservative Chancellor of the Exchequer then was Goschen — remembered now probably only as the man Lord Randolph Churchill forgot. But his Budget speech of 1888, of well over three hours in duration, well repays reading. He clearly believed in keeping a steady eye on the Bank of England. As he informed the House:

"There has also been a saving of £15,000 to which I should like to

allude. It is a saving which I have secured by watching more closely the balances at the Bank of England.

He was commendably generous to his colleagues. In his own words:

"I am also thankful — and as Chancellor of the Exchequer I say this — not as a Member of the Cabinet — I am especially grateful to the Foreign Minister that we have been able to keep out of those petty wars which break in so unexpectedly, sometimes upon the assets of the Chancellor of the Exchequer, and which upset his best calculations and destroy his most sanguine hopes."

And he was, as ever, plagued by the problem of excessive local government spending:

"And here, I am placed in a somewhat unpleasant position — namely, that, having a satisfactory balance of £2,277,000 to dispose of, I see havoc and devastation wrought upon that balance by my Rt Hon Friend the President of the Local Government Board."

Despite that, by increasing indirect taxation — including an extra tax on bottled wines and a new tax on what he described as "the sure horses" — Goschen was able in 1888 to achieve his overriding objective of reducing income tax from sevenpence in the pound to what he considered the correct level for peacetime, of sixpence.

Within the privacy of these four walls, and strictly off the record, I must warn you that I do not expect to be able to emulate Goschen next month. But if such has changed since 1888, some things have not.

London then was the financial capital of the world. The competition is a good deal fiercer today, but, freed from unnecessary restrictions and controls, and in a benign political and economic climate, London has once again the chance to establish itself as the financial capital of the world. And that is yet another good reason, on this historic occasion, to ask you to rise and drink a toast to the newspaper on which so many of us have, at one time or another, worked, and which we honour on its centenary day — the Financial Times.

Stirring times in the first 100 years of a great world paper

LORD BLAKENHAM, chairman of Pearson, publishers of the Financial Times, gave the following speech.

My Lord Mayor, Lord Chancellor, Your Excellencies, Your Graces, My Lords, Sheriffs, Ladies and Gentlemen.

We celebrate tonight 100 years of the Financial Times. We had thought that it might be a double celebration — as tonight is also the 13th anniversary of the Prime Minister taking on the leadership of her party. As you know, she has an emergency meeting in Brussels, and sadly cannot be with us, but I would like to extend on behalf of the FT a special welcome and thanks to the Chancellor of the Exchequer, Nigel Lawson, who is our guest of honour, to Paul Volcker, who has been a dominating figure in post-war economic life in the United States, to our Lord Mayor, Sir Greville Spratt, and to all our guests.

The leading article in the first issue of the FT in February 1888 was entitled "Our-selves". It explained that the paper was designed to supply "a long-felt want" and it concluded with these words:

"The congratulations we have received, the good wishes, the earnest and liberal offers of assistance, the promises of active support, the eager curiosity to discover our personal identity, the consternation already caused in various financial camps, the astounding revelations which are being daily confided to us, the angry threats, the cautious overtures — these and numerous other evidences have satisfied us, more conclusively than ever that a financial paper for the City of London carrying the banner WITHOUT FAVOUR, will not fail for lack of a *raison d'être*."

The two papers remained rivals for nearly 60 years until they merged in 1945, under the leadership of Brendan Bracken, to form the springboard for the modern Financial Times.

In the time we have I cannot cover much of the history of the FT. David Kynaston has written a short (540 pages), brilliant and enormously readable book, published today by Viking Penguin, a copy of which will be presented to everyone as they leave, but I would none the less like to say a few words about some of the personalities and fundamental attitudes that have brought the FT to its present pre-emi-

principles and our programmes are summed up in the motto we have quoted whilst they are elaborated more in the corners of our title page. This is the field we have entered — and our arrangements have been made with a view to permanent occupation."

In the left corner of the title page the new paper described itself as: "The friend of the honest financier, the *bona fide* investor, the respectable broker, the genuine director, the legitimate speculator."

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Lord Blakenham: We intend to remain ourselves and those of any of our contemporaries. Today we are concerned only with ourselves. Our attitude, our principles and our programmes are summed up in the motto we have quoted whilst they are elaborated more in the corners of our title page. This is the field we have entered — and our arrangements have been made with a view to permanent occupation."

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Paul Volcker in the FT editor's office

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ARTS

Arts Week

F S Sa Su M Tu W Th
5 1 6 7 8 9 10 11

February 12-18
Opera and Ballet
LONDON

Sadler's Wells. American modern dance...
Royal Opera, Covent Garden. Janacek's Jenůfa returns...

new to it, as is the conductor Christian Theissenmann...
English National Opera, Coliseum. In repertory this week...

clausophobia of a small town. (4742371).
Opéra Comique. La Pille ou le Régiment...
Netherlands. Amsterdam Muziektheater...

WEST GERMANY
Berlin. Deutsche Oper. Der Trombaour...
Stuttgart. Württembergisches Staatstheater...

Hamburg. Staatsoper. Cav and Pag...
Frankfurt. Opera. La Nozze di Figaro...
Munich. Bayerische Staatsoper. Salomé...

gita Festschneider, Carina Reppel...
London. Tate Gallery. Douglas Cooper - The Masters of Cubism...

NEW YORK
New York City Ballet performs every night except Mondays...
Lincoln Center Opera House...

CHICAGO
Auditorium Theatre. American Ballet Theatre...
ITALY
Rome. Teatro dell'Opera. La Sonnambula...

TOKYO
Nakano Sun Plaza. Centurion. All the dancers wear masks...
Kan in Hoken Hall. Canada's Royal Winnipeg Ballet...

PARIS
Zarbaran. New York. An exhibition of 72 paintings...

WASHINGTON
National Gallery. A century retrospective of J.M.W. Turner...

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NOTICE OF REDEMPTION

To the Holders of

Hitachi Zosen Corporation
(the "Company")

U.S. \$60,000,000 11 1/2 per cent. Guaranteed Notes Due 1990
(the "Notes")

NOTICE IS HEREBY GIVEN, that pursuant to Condition 5(a) of the Notes, the following Notes of the Company indicated below, in the aggregate principal amount of U.S. \$20,000,000 have been called for redemption on March 15, 1988 (the "Redemption Date") at a redemption price (the "Redemption Price") of 100% of the principal amount thereof.

SERIAL NUMBERS OF NOTES CALLED FOR REDEMPTION

Table with 10 columns of serial numbers ranging from 1 to 94.

Payment of the Redemption Price will be made on or after March 15, 1988 upon presentation and surrender of the Notes called for redemption, together with all coupons appertaining thereto maturing after March 15, 1988 at the principal office in the city indicated of any of the following Paying Agents: S.G. Warburg & Co. Ltd., London; The Sanwa Bank, Limited, London; Banque Internationale à Luxembourg, Luxembourg; Credit Suisse, Zurich.

From and after the Redemption Date, interest on the Notes to be redeemed will cease to accrue and all coupons maturing after March 15, 1988 shall become void. The coupon for interest payable on March 15, 1988 should be detached and presented for payment in the usual manner at the specified office of any of the above Paying Agents.

HITACHI ZOSEN CORPORATION
By: The Bank of Tokyo Trust Company
as Principal Paying Agent

Dated: February 12, 1988

February 12-18

Music

LONDON

English Chamber Orchestra conducted by Jeffrey Tate with William Bennett, flute and Frank Lloyd, horn. Mozart. Baroque Band (1988 5881).

TOKYO

Rudolf Serkin (piano), Bach, Schubert, Liszt. Shinsei Nihon Symphony Orchestra conducted by Kazuo Fukui.

PARIS

Lucia Valentini Terrani recital. Edouard Lanza, piano. The Nash Ensemble, Groupe Vocal.

WASHINGTON

National Symphony. Heitor Villalón conducting. Eugene Izumiya piano, Eugene Izumiya violin.

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Fannie Mae \$200,000,000 8.95% Debentures. Dated February 16, 1988. Due February 12, 1993. Series SM-2018-A CUSIP No. 313586 YX1 Non-Callable Price 99.75%

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Cinema/Nigel Andrews

Sartorial stretcher-cases

Nuts directed by Martin Ritt... Angel Dust directed by Edouard Niermann...

An American courtroom in an American film is like nowhere else in the world...

While a sane person nearly goes to the wall in Nuts, two manifestly insane persons are walking around unmolested in Bruce Robinson's Withnail and I...

Withnail is a blanching, byronic dandy whose clothes have died on him...

flatmate: a benign tousle-head who inhabits the... flatmate: a benign tousle-head who inhabits the...

They should be so lucky. Or we should. The movie's bawdy warily bits of bedazzlement...

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Bernard Girardeau in 'Angel Dust'

for one. He is investigating a series of murders whose only clue is a trail of dead rats...

wait in vain for the clinching gesture, for something to set the work in perspective...

law-abiding roisterer and musical genius. When Chuck's wife is asked if she was married before meeting Chuck...

wait in vain for the clinching gesture, for something to set the work in perspective...

The Best of Friends/Apollo

Michael Coveney

Any production that brings John Gielgud back to the stage after an absence of ten years must be a matter for rejoicing...

A few first night hiccupps did not dissuade the house from giving him a most tremendous ovation...

The stiff formality of the exercise does not bode well. Mr Whixson does not transform his epistolary material in the imaginative manner of Christopher Hampton...

But there is still more, in that the declamatory, distant relationships among the trio assume a dramatic texture of their own...

led to wives eventually crippled with illness...

Cockerell first visited Stanbrook in 1907 to inspect a 13th century psalter...

Shaw died in 1950, Dame Laurencia in 1953...

Similarly, Cockerell takes delight in the abbess's way day to London, plotting the tryst at Paddington...

But this is far from being a one-man show. Ray McAnally is the best stage Shaw I have seen...

Finally, the play is a memory exercise set in 1961, the year

before Cockerell's death. Gielgud thus finds an appropriate sequel to his reminiscent vein so memorable in Forty Years On and Half-Life...

Shaw died in 1950, Dame Laurencia in 1953. Tapping another great source of his legendary vitality, Gielgud plays the part of a man left behind with not much to do except turn up at memorial services...

Similarly, Cockerell takes delight in the abbess's way day to London, plotting the tryst at Paddington...

But this is far from being a one-man show. Ray McAnally is the best stage Shaw I have seen...

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before Cockerell's death. Gielgud thus finds an appropriate sequel to his reminiscent vein so memorable in Forty Years On and Half-Life...



John Gielgud, Rosemary Harris and Ray McAnally

Orpheus in the Underworld/Coliseum

Max Loppert

The deplorable English National Opera production of Offenbach's 'operetta' has returned to the Coliseum...

It surely could not have been an aim that made any admiring reference to the special qualities of the source material...

given a new and memorable meaning to the phrase 'cloaque infernale' but they are a show on their own...

The cast, past and present, and next new have to face an uphill struggle to make any impact...

sparkly, toe-tapping and ornate plastic justly stop the show, and, in one of two lustrous phrases...

From March 7-25 David Mach will create an installation in the Gallery of New Art at the Tate...

BBC Symphony/Festival Hall

Andrew Clements

Anthony Powers's new orchestral work, Stone Water Stars, which the BBC Symphony Orchestra and John Pritchard introduced in Wednesday's Festival Hall concert...

Powers' heterogeneous pedigree - studies with Nadia Boulanger in Paris, David Blake and Bernard Rands in York - has armed him with an admirable facility and polish...

wait in vain for the clinching gesture, for something to set the work in perspective, to give it real point and purpose...

It was altogether a concert of luminous scoring and teasing textures of the kind that Pritchard realises so winningly with the BBCSO...

Dogs at the Tate

From March 7-25 David Mach will create an installation in the Gallery of New Art at the Tate...

Jenufa/Covent Garden

David Murray

This time round, the Royal Opera Jenufa is a plain triumph. Some might object, grudgingly, that the main elements of the performance are so strong that they would have ensured success for a production far less boldly styled and Expressionist than Yuri Lyubimov's...

As before, Ashley Putnam's Jenufa and Eva Randová's Kostelnicka are the heroines of the evening - not, praise be, hero-

ine and villainess. This Kostelnicka is not even a hypocrite, still less a theatrical monster. Randová's is a grim honesty, utterly and fearfully exposed. Miss Putnam's reading of her unlucky stepdaughter has grown to a marvel, abrim with natural feeling and insightful detail...

The excellent new Laca is the Dutch tenor Jan Blinkhof, whose brooding sensitivity is complemented by the heroic timbre he finds for the final scenes (fine musicianship, too). With a further hint of pent-up violence he will be impeccable. Arthur Davies still needs more than a hint of the small-town glamour that must attach to his

rival Steva, though the nervous easiness is right. All the lesser roles are admirably filled, from Elizabeth Bainbridge's staunch grandmother on down to a special welcome for Anthony Michaels-Moore, who brings the modest part of the Foreman to keen life.

Another happy discovery is the conductor, Christian Thielemann. Except perhaps at the over-emphatic ending, the score so nearly seemed to be playing itself - and at full intensity - that one almost forgot he was there. Is there higher praise? His incisive faithfulness and sure pacing do Janáček proud. Though Paul Herson's bare sets suggest substance-level peasant rather than proud village life, they serve Lyubimov's economy perfectly, and I thought Robert Bryan's lighting even more vividly effective than before. Gratitude to all concerned, for a treasureable experience.

Arts Guide

Continued from Page 8

Theatre

LONDON

South Pacific (Prince of Wales). Average, traditional revival of the great Rodgers and Hammerstein musical, Gemma Craven failing to reach the national Endis Below...

The Phantom of the Opera (Her Majesty's). Spectacular emotionally scorching new musical by Andrew Lloyd Webber emphasising the romance in Leighton's 1911 novel...

NEW YORK

Fences (46th Street). August Wilson hit a home-run this year's Pulitzer Prize, with James Earl Jones taking the powerful lead role of an old baseball player raising a family in an industrial city in the 1950s...

Phantom of the Opera (Her Majesty's). Spectacular emotionally scorching new musical by Andrew Lloyd Webber emphasising the romance in Leighton's 1911 novel...

TOKYO

Banraku (National Theatre). The puppet theatre's greatest writer, Banraku, has been compared with Shakespeare. Of the three Chikanatsu masterpieces in this month's repertoire, one, The Love Suicides of Sonezaki, was first performed in May 1703...

Phantom of the Opera (Her Majesty's). Spectacular emotionally scorching new musical by Andrew Lloyd Webber emphasising the romance in Leighton's 1911 novel...

Saleroom/Antony Thorncroft

Monroe's dear blouse

Marilyn Monroe lives on - at least in the saleroom. Last May Sotheby's sold a rather common hither dress that the actress wore in the film Bus Stop for \$18,950. Yesterday a black lace blouse from the same 1956 epic made \$7,150, double its estimate...

Top price in the morning session was the \$34,100 paid for 'Britannia House', a dolla house made in 1886 to raise funds for the African Medical and Research Foundation...

The Japanese have extended their buying of antiques to dolls. A Bru Jeune circle and dot bisque doll, made in France around 1870, along with a trunk of clothes, comfortably beat its estimate at \$12,650...

Christie's fairly routine sale of English furniture went very well, in the morning session at least, with only 11 per cent unsold. The London trade was actively buying, paying \$12,100 for a set of nine satinwood dining chairs of the late 19th century...

Extel's Weekly Financial News Summary gives us the week's UK corporate events at a glance. JOHN BRUMWELL PRUDENTIAL PORTFOLIO MANAGERS. All you ever need to know. London: 01-251 3333. Brussels: 02-219 1607. New York: 212-513 1570.

FINANCIAL TIMES

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Telephone: 01-248 8000

Friday February 12 1988

Politics Today: The Baker education reforms

Another Great British Muddle

By Joe Rogaly

The risks in tax cuts

IN RESPONSE to the Chancellor's requests for their advice on the forthcoming UK Budget, his advisers can truthfully reply that there is some good news and some bad news.

The good news is that he will have far more revenue at his disposal than previously envisaged. The bad news is that this was not meant to happen. Public finances are supposed to be on an anti-pilot controlled by the medium term financial strategy (MTFS). At the time of the last Budget the Public Sector Borrowing Requirement (PSBR) was forecast at 1 per cent of gross domestic product. But, according to the Green Budget published this week by the Institute for Fiscal Studies, the target would now permit tax cuts for next financial year of as much as £9bn, a level that virtually nobody believes makes sense.

The Chancellor must make a Budget judgment. Worse, that judgment will prove difficult since the economy is expected to slow in 1988, largely because of an increase in the current account deficit, while the lagged effect of last year's 4.5 per cent GDP growth on the labour market remains strong.

What should the Chancellor do with all that money? To attempt an answer one needs a benchmark for fiscal neutrality. One approach would be to offset the fiscal stabilisers in a year, like 1988, when growth is expected to be on the long term trend. These stabilisers - the real "fiscal drag" (the tendency for revenue to grow faster than GDP in a progressive tax system) and the falling share of public spending in GDP - have been estimated by Goldman Sachs at £1.5bn to £2bn each. On this basis, fiscal "neutrality" would involve tax "cuts" of £3-4bn, leaving a PSBR of minus £1-2bn or a Public Sector Financial Deficit (PSFD) (which excludes privatisation proceeds) of £3-4bn, less than 1 per cent of GDP.

Health spending

Given the condition of the UK economy, it would be difficult to justify a more expansionary budget. While there is a risk of recession, the long term costs of an increase in inflation are likely to be greater. Furthermore, there are good reasons for supposing that public expenditure on health, to take a salient

example - will be increased during the next autumn review. It is appropriate, therefore, to leave room for such an adjustment.

The question is whether the Budget should be still tighter. The consensus is, indeed, verging towards the view that fiscal policy should be still more restrictive, while monetary policy should be loosened. The aim would be to allow sterling to depreciate, offsetting the forecast deterioration in the external account.

It is true that consumption is buoyant and likely to remain so. With investment needing to rise and the prospects for external finance uncertain, it can be argued that the Government needs to make a greater contribution to the finance of investment.

Monetary fig-leaf

If the Government is to err, it should certainly be in this direction, but it is important not to overstate the role of fiscal policy. The relation between public sector savings and overall national savings is not very strong. More important, the main current risk is of an upward increase in the underlying rate of pay settlements. Only the clear link between the exchange rate and their firms' profitability is likely to influence the bargainers.

If the exchange rate link were abandoned when at last it can exert some downward pressure, the Government would be left without so much as a monetary fig-leaf. Instead, whenever the combination of downward pressure on the exchange rate and still buoyant domestic monetary conditions emerges, the opportunity to reinforce the credibility of its counter-inflationary strategy by raising interest rates should be welcomed.

Reduction in taxes

of some £3-4bn is as much as looks prudent. If the Chancellor wishes to go further, his tax cuts would need to bring clear efficiency gains as well as only a modest expansion of consumption. But, whatever is decided on fiscal policy, the tight link to the D-Mark cannot now be abandoned. The constraint is likely to prove painful. But the UK has enjoyed the good economic news of 1987, 1988 and 1989 are likely to prove the years for the bad news.

Italy's outdated games

THE FALL of Mr Giovanni Goria's Government in Italy after little more than six months in office reflects very badly on the Christian Democratic Party and its leader of the last six years, Mr Ciriaco De Mita.

Mr Goria has thrown in his hand because on around 17 occasions in the last three weeks he has not been able to command the substantial parliamentary majority which should be his main responsibility. He has 50-60 members of his own party who have repeatedly joined with the opposition to vote down or amend sections of the 1988 budget.

Secret voting

Yet there are some things that Italy could do which might help the system work a little better and ultimately change it. One is to remove the absurd system of secret voting in the lower house, which has permitted some of Mr Goria's colleagues to support him in public while not helping by the vote in the Chamber.

Another would be to modify some of the perfect proportionality in the electoral system. This could prune back the number of parties and allow Italians the possibility of voting for a potential government instead of just equipping the parties for another period of Machiavellian jousting.

Neglected deficit

Unfortunately, such changes can only be brought about by the politicians themselves. It has passed them by to be seen talking about political reform during the last three months without offering any real promise that they will do anything. How many Gorias have to fall in such ignominious circumstances before they understand the price the country is paying for their outdated games?

BRITAIN'S education system is likely to stay in a mess until the end of this century. The Government's attempt to build some rigour into it will certainly not work quickly, and it may never work at all.

The reason is that while almost any minister can get his officials to draft a Great Education Reform Bill ("Gerbil"), it is the devil's own job to have them carry it out. In parliament just about all that the present Secretary of State for Education, Mr Kenneth Baker, has to do is sit there smiling while his party's huge majority does the rest. His Gerbil will scupper through. The task is rather more difficult in the real world outside the House of Commons. There Mr Baker has to persuade the teachers to change their ways of teaching. His staff - the departmental officials - have to do most of the persuading. They are having a hard time doing it.

The alarm bell rang last weekend. It was set off by a resignation from an inoffensive little committee whose job is to outline a set of mathematical skills that children of various ages should have. The man who resigned, Professor Sigbert Prais of the National Institute of Economic and Social Research, came out fighting in a two-fisted article in a Sunday newspaper. "I fear," he wrote, "that the committee is intent on changing absolutely nothing."

Pull at that unassuming-looking thread, and you will find that it is attached to a whole row of cans of worms.

For a start the committee - more properly, the National Curriculum Mathematics Working Group - has so far made a mess of its job. Mr Baker indicated as much in a letter to the then chairman when it published a woolly and disappointing interim report just before Christmas. But it was the Education Secretary himself who set up the working group last July. Why did he get it so badly wrong? He depended on the advice given by the relevant official at the Department of Education. It is supposed to be unfair to name civil servants below the rank of permanent secretary, so, just for fun, let's call this gentleman Humphrey. Ask anyone and you will discover that this name was produced by Humphrey from lists of teachers (provided by Her Majesty's Inspectors of Education, all ex-teachers), education officers and their advisers, eminent mathematicians, and the like.

The result of this "trawl" was a committee on which at 11 members aligned with a more or less soft approach to the mathematical curriculum, plus Prof Prais. So much for can of worms number one. Now look at number two: the difference between a hard and a soft approach to maths.

The blackboard in my illustration, compiled from a paper by Prof Prais, gives some idea of a hard approach. Questions 1 and 2 can be answered successfully by about two thirds of the least able 40 per cent of West German schoolchildren aged 15. Question 3 is easy for continental apprentices but not Britain's, according to the professor. He has argued for a precise mathematics curriculum that says that such and such a problem, with

examples as above, should be solvable by this or that proportion of children at various ages, and that these target attainments should be tested by the old-fashioned method of sitting the pupils down for an hour or so and letting them get to it. Calculators should not be provided to young children. Our continental and Japanese competitors provide "hard" curricula, but we persist in shrinking from any such thing. Above all, mathematics is a serious business.

The soft approach is quite different. It is necessary for children to know how to do, say, long division? Calculators may stimulate the imaginations of even eight-year-olds. Children have different levels of ability at different ages. It is better that their work is "assessed" by their teachers than that it be tested by external authorities. As to the Japanese, they do everything so differently that comparisons are invalid. Above all, mathematics must be fun.

What Prof Prais calls the "educational establishment" is overwhelmed by the side of the soft approach to the extent that it accepts the need for a national curriculum at all. Yet even that is in doubt. In theory, once the Gerbil becomes law a new National Curriculum Council will lay down what is to be taught, just as its counterparts do in most of continental Europe and Japan. It is a popular policy, as measured by the polls. All the opposition parties support the general idea. There are, however, two snags: (1) the teaching profession remains deeply sceptical about it, and (2) most of the civil servants in the Department of Education have made their careers in a world in which you leave the curriculum to the teachers.

In praise of Lafontaine

OSCAR Lafontaine, the Chief Minister of the Saarland who has been visiting England this week, is sometimes seen as a kind of dangerous lark, both inside the federal republic and without.

That view is quite false. The most remarkable thing about him has always seemed to me to be his name. To be called Lafontaine in Germany is unusual enough; to be called Oscar as well looks like good fortune. It sheds a romantic image.

In fact, when it comes to economic policy, Lafontaine is a practical man also well-versed in such matters as the international capital markets. He is a Social Democrat, to be sure, and on the left of the party. Yet one of the people he first admired was Karl Schiller, the West German Economics Minister who introduced the Social Democrats to the social market economy.

Schiller, though he subsequently defected to the conservative Christian Democrats, was probably the best Economics Minister West Germany has ever had after Ludwig Erhard. It was he who introduced the phrase "as much competition as possible, as much planning as necessary" and who brought in the much under-used Growth and Stability Law which allows the Government to move taxes up or down by up to 10 per cent more or less at a stroke.

Lafontaine is trying to keep Schiller's maxims in mind in dealing with the economic problems of the Saarland. Those are pretty horrendous, even by non-German standards. The run-down in the coal and steel industries has been faster and more dramatic than in any other part of the country.

Moreover, as Lafontaine points out, in other areas of Germany at least unemployment is recently - the big companies like Thyssen have had the resources to help cushion the social effects of the decline in employment on the local population. They have supplemented the aid given by the regional

OBSERVER

authorities. In Saarland there are no big daddy firms; the government has to work on its own.

There is another problem. The Saarland borders on Baden-Wuerttemberg, perhaps the most prosperous area of Europe and still developing. That is where new investment still tends to go - to the land of Daimler-Benz, in which there is a Ford plant in Saar-louis.

Nevertheless, Lafontaine has hardly turned further left in his economic report than I have seen from the Chief Executive of the Welsh Development Agency in London yesterday that there is an underlying loss of jobs of 3 per cent a year even in a mature economy and almost regardless of what is happening to economic growth. He agreed with the Welsh that it is all a case of attracting small businesses.

Saarbruecken, the capital of Saarland, is twinned with Leoben where Lafontaine has now gone. It is a pity that these semi-official visits do not include places that have more in common with the home base.

BL's old boys

Where does life start again after BL (now Rover Group)? For a couple, at least, of its former executives the answer is chemicals.

Applied Chemicals, the Australian-owned group, has made the 58-year-old Ray Horrocks, once the BL Cars chairman, deputy chairman of its UK subsidiary. Also from the "old firm" is Peter Johnson, formerly Austin Rover's UK sales director. Johnson, 40, becomes Applied's UK managing director.

Horrocks, in particular, was almost a UK household name until the summer before last, that is, when the appointment of Graham Day, the former head of British Shipbuilders, as executive chairman of BL made his role redundant. Johnson stayed on, and is moving

where else.

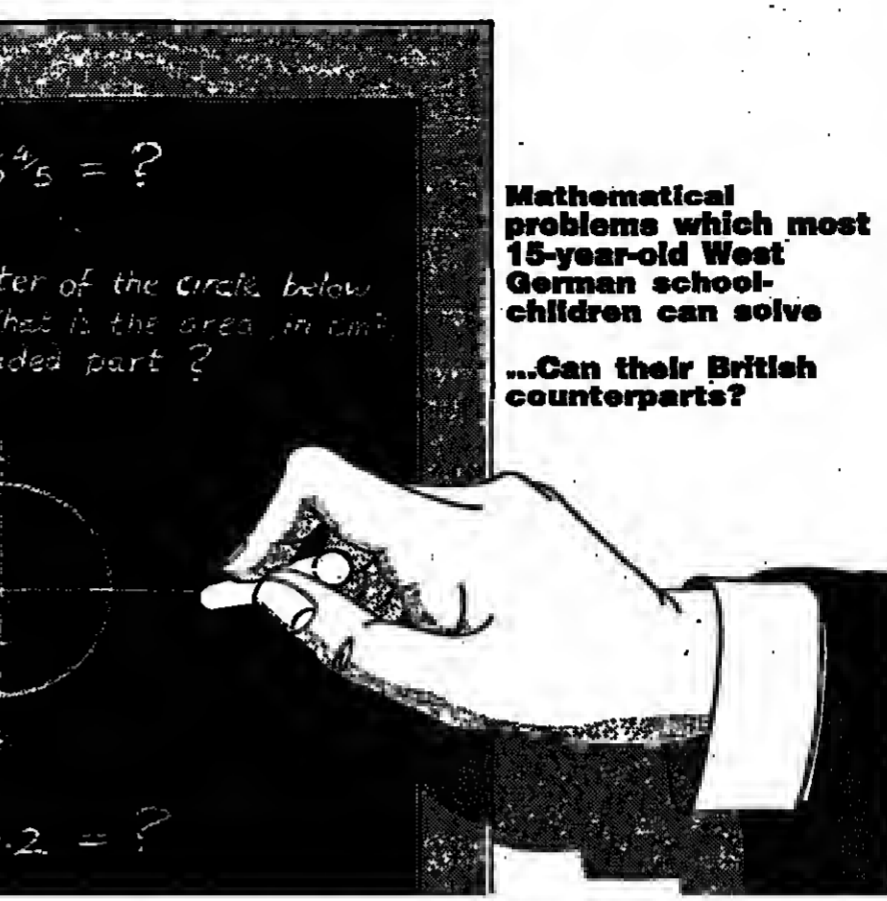
Not that Horrocks has been without other links to talk over old times. Since leaving BL he has been a director at Chloride, the batteries group headed by another ex-BL luminary, Sir Michael Edwards.

Liverpool fat

A new means of assessing economic recovery may have been discovered by the Government's prototype Liverpool Task Force - the rate of increase in the girls of the senior civil servants who run it.

David Renshaw, the man in charge, has put on two stone in the last year, while his deputy Dennis Morrison has expanded by about 20lb.

"I've had five good business lunches in the last week," Renshaw says. Apparently would-be developers or bringers of projects and jobs now make a bee-line for the Task Force offices to see if there might be government funds on hand to encourage them into Merseyside rather than anywhere else.



Mathematical problems which most 15-year-old West German school-children can solve...Can their British counterparts?

So it is hardly surprising that members of the mathematics working group, spent the second half of 1987 arguing among themselves. What did the department mean by "attainment"? What was an "objective"? An "aim"? After some weeks of that there was a debate about whether to divide into sub-committees according to age (a hard approach), or subject (a soft one). Three representatives of primary schools then said that they wanted to form their own committee. A new member, soft on calculators, was co-opted. Some members declined to sign the interim report. The chairman, Prof Roger Binn-Stoyle, said the whole thing was taking much more time than he had available. He then resigned.

It would be unfair to intimate that all this was a plot by Humphrey. Even if it were, he would of course have a cast-iron alibi. As chairman, Prof Binn-Stoyle was the first member of the mathematics group to be chosen. His name was on a list with several other potential chairmen, and Mr Baker accepted it after Humphrey and a colleague had personally sounded out all the candidates. The choice was endorsed by the Prime Minister, Mrs Margaret Thatcher; she sits as chairman of the Cabinet's permanent committee on education and every decision passes before her eyes. The other members could not be so closely vetted. They were, however, chosen in the usual way.

There lies the rub. To the Department of Education the "usual way" will naturally favour a membership drawn from the broad stream of educational opinion - the very stream that the Government is trying to divert into a wholly new direction. The people who have

presided over the great failures of the past two or three decades are being drafted in to plan what is supposed to be a new era of success. In short, the greatest change in educational practice in British schools this century has to be driven through by a team led by Humphrey - and, however anxious he and his senior colleagues may be to serve a Government in its third term and probably on the way to a fourth, the very nature of their department makes the task almost impossible.

Humphrey must however be given full marks for trying. He has produced a new chairman: a no-nonsense man of the north named Duncan Graham. Mr Graham, who is Chief Executive of Humberdale County Council, was until last April the county education officer for Suffolk. When the name was sent in Mr Baker said, in effect: "Humphrey, I trust your judgment totally, but may I have a look at him?" It is thought that they got on like a house on fire. The new chairman left the Secretary bearing in the knowledge that here was a man who understood what had to be done. It seems that while the latter is not a mathematician, what he is undoubtedly good at is getting a committee to produce valid recommendations on time. He is being fully supported by the officials.

The working group has been put under the lash. Its performance is set, time-tabled and monitored. It has been divided into groups A, B, and C - and on to C went the three recalcitrant primary school representatives, plus Prof Prais. He was away on the day that the three were told, in a Kensington hotel, that no meeting-room had been booked for them. (After receiving a

drinking-down from Humphrey in the corridor they retired to the bar for their first session). But Group C's initial tasks - all on extra-soft topics like "mathematics across the curriculum," the "gender effect," and the "multi-ethnic dimension" - could have been designed to drive Prof Prais out. He is not of the temperament required to do battle in such circumstances.

It is too soon to say whether the professor is entirely right. My guess is that Mr Graham will produce a report that sets out to please the hard side by specifying what children of various ages should achieve, while aiming to "bring along" the softs, with talk of "flexibility" and "varying ability" and the like. It might work; if it does not, Mrs Thatcher is there, in the language of the Civil Service to bring the balls that get past Mr Baker.

But all that is only a part of the long and tortuous task of trying to get British education to accept reform. There are many further cans of worms to follow the working group is set along the same path. It has so far had a happier history than mathematics. Yet another committee, on assessment and testing, has produced a report that Humphrey would no doubt regard as a beautiful construction, since it simultaneously caters for both hard and soft.

It is in the likely outpouring of "beautiful constructions" that the principal danger to real reform is to be found. For you could say that everything I have described is merely part of the political process - the jolly-along of a reluctant producer's interest towards a more consumer-oriented method of working. The working groups cannot be fixed in advance or they will not command the respect of the profession; their reports cannot be at the extreme end of hard or they will be rejected out of hand. The trouble with this Humphreyesque kind of thinking is that, however laden with goodwill and reasonability it may be, the end of the road could be a Great British Middle.

Let us say, however, that there is something like a hardish core curriculum in place by the turn of the decade - if not for all subjects, then at least for English (imagine the committee on grammar, yet to be trolled for), maths and science. These are regarded in Downing Street as of primary importance and they will of course be pushed through, with Humphrey's help. The next step is to finance it all, with a bribe to gain the education establishment's acquiescence, more training for the new-thing maths teachers, capital spending on science laboratories, and so forth. The Education Department sees years of phasing-in that stretch through the 1990s. It has yet to confront itself with the likely cost. In short, at least one more generation of half-educated children will be turned out of our schools before there is any serious improvement.

Marshall's girls

Third-year science students at Greycoat Hospital, a private girls' school in Westminster, would have given little comfort to Lord Marshall as they showed visitors yesterday how easy it is to manage the national grid.

True, the girls often referred to the grid. But they said they had only been set the task earlier that day.

Their job was to demonstrate one of the experiments aboard a "teaching" bus which was being presented by Sir Philip Jones, Electricity Council chairman, to Baroness Platt, chairman of the Equal Opportunities Commission.

Jones pledged about £100,000 to keep the bus on the road for three years, as the latest WISE (women in science and engineering) teaching bus.

WISE buses travel round British girls' schools introducing the ladies to the marvels of engineering science. They are sponsored jointly by the Commission and the Engineering Council.

According to Baroness Platt, more than 30,000 schoolgirls have already got "hands-on experience" of engineering aboard WISE buses, and the campaign has managed to raise the percentage of women engineering graduates from 7.7 to 10.5 per cent since 1984.

In a remark likely to strike a sympathetic chord in some political circles just now, Jones said the electricity industry had been male-dominated for too long. He saw women as "the major untapped source of potential talent."

Low church joke

A copy of a pamphlet entitled "What does the Church of England stand for?" in York Minster had been amended by the obnoxious graffiti writer who added: "Because there is only one seat and the Pope's in it."

The signs are good...

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كسوة من الاصل

Bridget Bloom looks at New Zealand farmers' problems under Labour's free-market policies

The cost of leading the charge

IS THERE life after subsidies? Farmers the world over are asking this question with increasing urgency as the protectionist farm policies of the rich nations start to crumble under financial pressure.

The arguments at this week's European Community summit, anger at reductions in the key loan rate in the US; complaints in Japan at marginal cuts in rice subsidies; these are all symptoms of this process. Farmers' alarm is likely to mount if such small steps in farm reform lead to bigger ones.

Yet so far there is only one country in the developed world where the question in the opening sentence can be asked with real relevance. Over the last 3 1/2 years, New Zealand's Labour Government has removed virtually every agricultural subsidy and most other forms of special support as part of the deregulation of the economy.

The tiny country - it has only 3.5m people - is putting into practice what others have preached. It is operating the nearest to a free-market system for agriculture of any country in the developed world - a situation greeted with increasing alarm by its farmers and with mounting interest by political and academic observers.

New Zealand's farm subsidies have never been as extensive as those enjoyed by European farmers under the Common Agricultural Policy, or by US and Japanese farmers under their support systems. The Organisation for Economic Co-operation and Development calculates that by 1984, just before Mr David Lange's Labour victory, government transfers to agriculture amounted to 20 per cent of the value of output. But it reckons that the real value of this aid, which comes from direct price subsidies to interest and tax concessions, was lessened by the higher prices farmers had to pay for their inputs because of heavy tariffs on imports and the protection of local manufactur-

Farmers have, of course, suffered as a result of losing most of these subsidies. Worse, farming was not the target in the Lange Government's plans to free the economy from a daunting array of controls accumulated over 30 years by a succession of Liberal (conservative) and Labour governments.

This meant that, at the same time as formal subsidies were removed, farmers were subjected to high interest rates and to an appreciating New Zealand dollar, making their lamb, beef and dairy products much less easy to sell on world markets. Between 3,000 and 6,000 of the total 40,000 farmers are estimated to be at risk of bankruptcy within the next year.

The Government has removed nearly all forms of farm support

In an extraordinary turn-about for a Labour administration, the Government has adopted a strictly non-interventionist approach. Within weeks of the 1984 election, the New Zealand dollar was devalued by 20 per cent and then allowed to float; the financial sector was deregulated and a big effort made, via slashing subsidies and direct taxes, to reduce a huge inherited budget deficit and soaring inflation.

The policy has had some success. The budget deficit has declined from nearly 9 per cent of gross domestic product in 1984 to an estimated 2 per cent this year. Inflation has been reduced from 18 per cent to about 10 per cent. However, the price for farmers has been heavy. Inflation is still higher than that of the country's major trading partners, interest rates have eased only marginally from the 20 to 25 per cent that prevailed last year,

while the New Zealand dollar has appreciated against its main trading currencies.

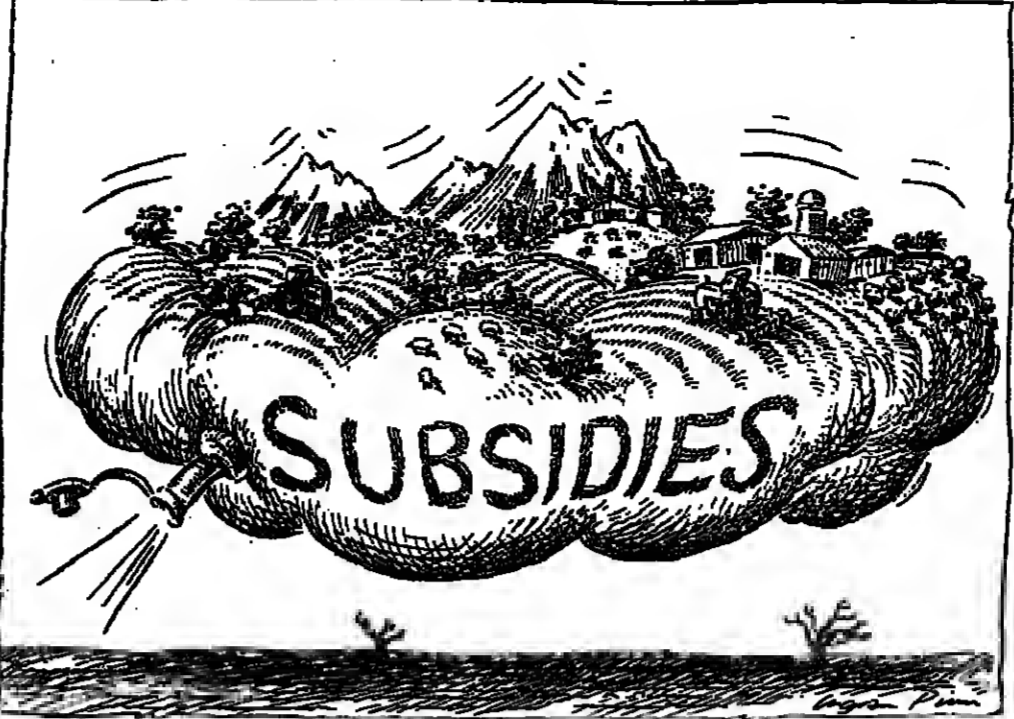
Farming still accounts for some 60 per cent of exports. The NZ\$ 1.7bn (\$643m) of lamb and beef exports, NZ\$ 1.6bn of dairy products and NZ\$ 1.3bn of wool exports head the list of products which are dependent on sales in world markets, where prices have been depressed. The price slump for dairy products and meat is partly a result of subsidised exports from the EC and the US.

Farmers are also suffering because of what is called the "sequencing" of the economic reforms. The Government moved much more quickly in removing controls on farming than on areas such as manufacturing, imports or labour; so the cost of farmers' inputs has remained high. This has led some to believe that the Labour Government is intent on singling out the sector, once so comfortable and consequently unpopular with the majority of Labour's town-based voters.

Professor Bruce Ross, a leading agricultural economist and principal of the country's main agricultural college at Lincoln, does not subscribe to such conspiracy theories. But he does believe that the Government's slower pace of reform in other sectors, together with high interest rates and the over-valued dollar, means New Zealand's farming faces one of its most critical years.

The impact of reform has varied. In general, arable farmers, with high capital investment, high running costs and low prices for wheat, are faring worst. Sheep farmers, able to take advantage of rising wool prices or who have diversified, are doing less badly.

In all cases, however, it is the farmer who has borrowed heavily in the last decade, often encouraged to do so by governments keen to step up export volumes, who is now at serious risk of bankruptcy. This plight is illustrated by Mr Bill Lee, a graduate of Lin-



coln College, now in his 30s, married with four children. He bought his remote, run-down 3,500-acre farm in the north of South Island 11 years ago for NZ\$ 130,000. Encouraged by subsidised interest rates from the Rural Bank and a government land improvement loan scheme, he borrowed NZ\$ 220,000 to improve the farm and its stock of sheep and beef cattle.

He calculated that by now the farm would be producing between NZ\$ 160,000 and NZ\$ 180,000 in annual income, ample to cover his debt repayments of some NZ\$ 30,000 a year. Earlier this month, he received his neatly typed accounts for 1986-7. They showed gross income of NZ\$ 100,000, while his debt repayments had climbed to NZ\$ 37,000.

His working costs have been cut to the bone, but still amount to NZ\$ 40,000. With taxes still to pay, he and his family are trying to live on NZ\$ 800 a month.

Two things have so far saved Mr Lee from being forced by his creditors to sell his farm. He has enjoyed a substantial element of subsidy in the rates of interest on most of his loans, while the Government has effectively waived repayments of principal on the land improvement loan because he has been unable to carry out the full plan.

In any case, he fears that, with a 40 per cent drop in land prices over the last four years, he would be unable to sell his farm.

Mr Neil Taylor, director of the Meat and Wool Boards' Economic Service, puts total farming debt at NZ\$ 8bn. He believes that 70 per cent of that debt is held by 30 per cent of the country's farmers.

Many have been kept in business through concessionary interest rates or debt restructuring, which has been led by the Rural Bank. If this facility remains available, and especially if interest rates and the dollar were to decline, most would survive.

If things continue as they are, however, Mr Taylor is not alone in believing that the trickle of farm sales could become a flood. There were only about 900 sales in 1987, compared to 1,600 in a "normal" year. Farmers are doing all they can to hang on in the hope of better times.

New Zealand farmers have proved flexible in finding new things to produce and, at least for those not over-borrowed, the process continues.

New varieties of apples are helping to compensate for the decline in kiwi fruit prices; some farmers are making a good living out of rearing deer for venison and the medicinal velvet of their antlers; others are switching from wheat to rye grass seed to sell to the US - and perhaps soon to European farmers required by law to set aside some of their arable land from cereal production.

The Lange Government would argue that diversification and increased efficiency in the production of more tra-

ditional crops is the proper way for farmers to go. Many farmers agree. Mr Peter Elworthy, when president of the Federated Farmers union, supported the removal of subsidies in 1984 on the grounds that they distorted market signals, drove land prices too high for young people to be able to enter the industry and made farmers less competitive in world markets.

Today he tempers that support, principally because Mr Roger Douglas, the Finance Minister at the centre of the economic reforms, has failed so far to deliver the lower interest rates and the competitive dollar he promised in return for removing the subsidies.

The farmers may have been naive to give full-hearted support to the reforms, but their dilemma points to a lesson of the New Zealand experiment. As Mr Taylor puts it: "The removal of farm subsidies worldwide obviously makes great sense. The trouble is we are doing it alone, and that's like putting a ball and chain on us and saying - now run the race."

New Zealand's trade officials are praying for progress in the General Agreement on Tariffs and Trade, in Geneva, where negotiators are discussing the multilateral removal of farm support. Meanwhile, the country's indebted farmers are looking for a substantial fall in interest rates and the New Zealand dollar, so that they will still be there to compete in a freer world market.

Lombard

The fetish of liquidity

By John Plender

IN A MEASURED post-mortem of the stock market crash, the Governor of the Bank of England, Mr Robert Leigh-Pemberton, yesterday remarked that "we cannot discount the possibility that some of our domestic markets, perhaps as a by-product of improved liquidity, globalisation and technological change, have become permanently more volatile".

At first sight it sounds like an unexceptionable comment on the way of the world; and certainly Mr Leigh-Pemberton's conclusion that this may have implications for the capital adequacy of market participants is precisely what one would expect of a central banker.

Other observers may none the less be drawn to more revolutionary trains of thought, namely: what was the point of investing so heavily in making London's already sophisticated financial markets more sophisticated, if the result of Big Bang is simply to cause prices to take a more drunken lurch at the first sign of trouble? Or again: have the British been unwisely seduced by what Keynes called the "fetish of liquidity"?

When the market was in its bull phase before October 1987, additional liquidity was certainly doing no harm to anyone who wished to raise capital. The question - to which there is no satisfactory quantitative answer - is whether such a high level of dealing was necessary for the market to fulfil its primary function towards industry and commerce. Nor was liquidity doing investors any harm at that point. The problem was rather that the liquidity disappeared - and volatility increased - at the least convenient moment for all concerned.

Perhaps that is putting it a little unkindly. The international Stock Exchange's post-mortem on its own behaviour reveals that the market makers did provide liquidity for a day. On Black Monday, Octo-

ber 19, they appear to have absorbed £250m of investors' sales - a noble gesture. Someone should also erect a monument to the private investors who then provided all the liquidity that permitted the market makers to unwind their bull positions. Whether this turns out to be the private individual's graceful exit from the citadels of capitalism will no doubt emerge in due course.

And let no one say that London has made no contribution to the topical international debate on circuit-breakers. Despite the stock exchange's protestations, many in the City continue to believe that market makers really did refuse to answer the telephones to avoid incurring "darkness" is a circuit-breaker, too. According to the stock exchange's own figures, the greater part of the drunken lurch downwards on October 19 and 20 took place after closing time. On Black Monday, the FT-SE 100 index opened 6 per cent down on the previous Friday's close, and on Terrible Tuesday the index opened 9 per cent down on Monday's close, which accounts for 15 points of the 23 per cent two-day fall. Volatility, it seems, is to a large extent nocturnal.

But to return to where we began: is Britain paying too high a price to a small group of financial folk in the City who are failing to deliver what they promised? Certainly the post-mortems seem likely to revive old arguments about the diversion of scarce talent into the City. And then there is the question of risk. Mr Leigh-Pemberton appears pleased that market makers were able to tap their conglomerate parents for capital during the crash. But the depositors in those conglomerates might be tempted to ask whether they - and the banking system - were not being put at risk. Perhaps the building societies could steal a march by advertising their distance from market making.

A tale of two nations

From Mr Albert W. Jones:

Sir, How long will it be before Mrs Thatcher completes her self-imposed task of creating two nations? The tax burden on this country is now greater than it was nine years ago and yet the wealthiest five per cent of the population now pay a smaller proportion of their income and capital in tax than they did then.

North Sea oil is fast becoming a depleted resource, and yet we have not renewed our century-old sewers nor improved our environment generally. The tax savings from that vast bonanza have been largely dissipated on out-of-date weapons of destruction. National assets such as gas and telecommunications have been wastefully sold off to those who can afford them. Water, electricity, coal and steel will follow if this government has time.

Now we have the spectacle of Mr Douglas Hurd, the Home Secretary, exhorting parents and teachers to achieve "social cohesion" by teaching their children not to indulge in what he regards as anti-social and disruptive activity.

Where is the social cohesion in a whole government - and most of its advisers - legislating for an education system and health service in which neither they, their children nor their grandchildren participate? No doubt in an emergency, any of them would accept treatment within the National Health Service, but apart from that they

Letters to the Editor

know they can buy themselves out of trouble. It is difficult to teach children "social cohesion" when those who govern do not practice their own - or lack of it - in matters on which they legislate. The 1986 Education Act and the Local Government Bill are prime examples.

The governors and the government are becoming increasingly separate. What hope is there of teaching our children that we are one nation?

Albert Jones,
74 Fairdene Road,
Cousdon, Surrey

Nicosia restored and revitalised

From Miss Lois Jensen:

Sir, "Reconciliation in Davos" (FT, February 3) describes the thawing of relations between Greece and Turkey. It concludes with the statement that this improvement in relations creates both an opportunity and an obligation for third parties to make a new effort in solving the Cyprus problem. It is one thing to say that there remains a serious stumbling block in the countries' negotiations.

I would like to call your attention to an innovative effort in technical co-operation between Greek Cypriots and Turkish Cypriots in Cyprus. Under the auspices of the

There are two kinds of law...

From Mr R.M. Foster:

Sir, The question, recently raised in your columns, about whether there is one law for individuals and another for large central government institutions, has been taken up by central banks in the foreign exchange markets, thereby effectively rigging the market. But in the general sense we know that there are indeed two laws.

A couple of examples should suffice. Those who live near airports are subjected to constant increases in air and road traffic without any consideration of their feelings as local inhabitants. Another, more specific example is the construction of a motorway along the North Wales coast, where the inhabitants of Colwyn Bay and other such "retirement" towns now have a four-lane motorway which at peak traffic periods will be a constant intrusion upon their lives - certainly an intrusion into the privacy of those who would wish to enjoy the beach.

No private individual would have been allowed to have created the local disturbance that either of these examples create. But a government (and by this I mean any government) is untouchable when it makes its decisions for its own peculiar reasons.

R.M. Foster,
"Willow Lodge",
Rossmill Lane,
Hale Barns, Cheshire

NHS discussion is bedevilled by innumeracy and laziness

From Mr George Stern:

Sir, There is much wisdom in your editorial about the National Health Service (February 9): as you say, privatisation in the US (and, for that matter, in Switzerland) is observed to increase rather than decrease excessive health spending.

But what really bedevils the whole discussion is the functional innumeracy and extreme laziness of opposition politicians who have simply accepted Mrs Thatcher's assertions that the NHS has greatly increased NHS spending, the problem must lie elsewhere than with money. It is open to anyone to go to any large public library and examine back numbers of the Central Statistical Office's Blue Book and Annual Abstract of Statistics.

It is quite true that NHS spending was \$9,195m (\$9.1bn) in 1979, and £18,719m (£18.7bn) in 1986 - a real increase (using the retail prices index) of 16 per cent, or 2 per cent per year. But it is also true that in 1986, in the then prime minister's Anthony Eden's day, NHS spending was \$562m.

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Waldheim under pressure to quit

BY JUDY DEMPSEY IN VIENNA

MR KURT WALDHEIM, the Austrian president, is under increasing pressure to step down but neither of the two main political parties can agree on whether to call for his resignation.

SPOE. Earlier in the week, Mr Franz Vranitzky, the Chancellor, said it was up to Mr Waldheim whether he should resign.

The commission's report, Mr Kucacka told the Kurier, a conservative tabloid which until recently defended Mr Waldheim but has become more critical.

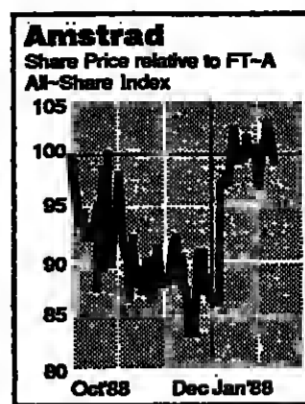
ple, continues to disparage the report's findings. It ran a cartoon on Wednesday showing two books being thrown into a dustbin, one of which was the false Hitler diaries.

Maxwell in bid for Australian newspaper group

By Raymond Snoddy in London

MR ROBERT MAXWELL, publisher of Mirror Group Newspapers of the UK, said last night that he had made an offer for the package of Australian newspapers and business magazines owned by the John Fairfax group.

If there was ever any doubt that the City establishment was proud of the way that the London Stock Exchange handled itself during the crash of '87, the Governor of the Bank of England has set the record straight.



lose. Indeed his surprise announcement yesterday, that he had nearer 40 than the previously announced 18.6 per cent of the company, shows that he is putting his all into the endgame.

Andrew Gowers reports from Amman on the weak points of the US proposals

In search of a Mid East peace plan

MR RICHARD MURPHY, the US Assistant Secretary of State, jetted between Middle Eastern capitals this week trying to drum up support for another bid to revive the moribund "peace process".



Shimon Peres: insists on a 'ceremonial' conference



King Hussein: absent when the US envoy called

conference, with full powers to block a deal if necessary. The Soviets, for their part, will need reassurances from Mr George Shultz, the Secretary of State, when he visits Moscow later.

able" is being proposed? King Hussein has consistently said that he cannot enter talks without a conference involving regional parties and the five permanent members of the UN Security Council.

"We have made an offer and we are ready to discuss it," Mr Maxwell said last night.

The John Fairfax group became a private company at the end of last year after Mr Warwick Fairfax secured personal control of his family's media business.

Perhaps the Bank is reserving its criticisms for the real post-mortem which takes place behind closed doors. But this is almost certainly not the case.

going given that 45 per cent of the company stayed put in chairman Alan Sugar's portfolio. It has enjoyed a rating normally reserved only for the also-rans of the industry.

But one of the main figures that Washington is trying to engage - Jordan's King Hussein - was away in Europe, maintaining a studious vagueness about Mr Murphy's mission.

Specifics are probably best avoided. Signs that the US is seriously involving itself in the Arab-Israeli dispute for the first time in five years may have been given a broad welcome on both sides, but Mr Murphy's efforts have raised as many questions as they have answered.

Mr Shimon Peres, the Israeli Foreign Minister, has accepted that there is no other way to direct talks with Jordan. But he insists that a conference should be purely "ceremonial", while the Jordanians maintain it should have powers to mediate if negotiations are deadlocked.

Mr Maxwell said he was prepared to fly to Australia next week if he thought a deal was close.

Insider suspects to face UK extradition

By Clive Wolman in London

PEOPLE accused of insider dealing by foreign countries, in many cases, will be liable to extradition from the UK under a proposed UK Government amendment to the Criminal Justice Bill announced yesterday.

Mr John Patten, home affairs minister, said the amendment would make all insider dealing offences extraditable when the Bill becomes law.

The original format of the Bill also made possible such a provision, but only after the renegotiation of extradition treaties, country by country.

The move comes at a time of increasing pressure on the UK Government to co-operate with foreign countries in tackling international fraud.

What form should interim autonomy take? As President Hosni Mubarak of Egypt made clear on Wednesday, suspicion of this idea on the Arab side runs deep, reflecting memories of the abortive talks following Camp David, in which Israel proposed a limited form of municipal self-rule.

More fundamentally, Jordanian officials are aware of the danger that endorsing any form of autonomy might in the end leave them high and dry without a deal involving territory.

What form of "international opening" is being proposed? King Hussein has consistently said that he cannot enter talks without a conference involving regional parties and the five permanent members of the UN Security Council.

Mr Maxwell said he was prepared to fly to Australia next week if he thought a deal was close.

Lawson lets out no secrets at FT centenary dinner

Continued from Page 1 He was also prepared to let the 700 guests into one Budget secret ahead of March 15.

The present Chancellor clearly wants to go in the same direction, but last night he confessed: "Within the privacy of these four walls and strictly off the record, I must warn you that I do not expect to be able to emulate Goschen next month."

Mr Lawson, however, under the watchful eye of the Treasury's top mandarins, left what he called the "meat in the sandwich" of last night's Centenary addresses to Mr Paul Volcker, the former chairman of the US Federal Reserve.

Lord Blakenham, chairman of the Pearson trust which owns the Financial Times, told guests the paper's horizons were "expanding all the time."

Italy ready again to play the political lottery game

Continued from Page 1 he still not completed its parliamentary passage, which means that government spending remains based on last year's finance legislation.

The first flush of crisis speculation focused yesterday on whether Mr Goris's Government could be put back onto its feet so that the budget process could be completed, and then be called upon to resign.

complaining statements yesterday about being saddled with responsibility for all hostile, covert voting.

if he is a Christian Democrat, run into similar ambushes. Unless, that is, Mr De Mita himself takes over as Prime Minister, a task he has always refused.

World Weather

Table with multiple columns showing weather forecasts for various cities including London, New York, Tokyo, and Sydney.

UK Bank chief warns on SE accounts system

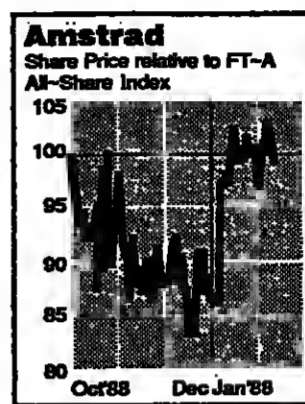
Continued from Page 1 quoted by the market-makers, even though most were for volumes of shares much larger than the standard size. This confirmed the restoration of liquidity, Mr Pullman said.

ing the crash. The bank finally gave the go-ahead three weeks ago after receiving tenders to carry out the deal from three competing securities firms.

THE LEX COLUMN

Congratulations from the Bank

lose. Indeed his surprise announcement yesterday, that he had nearer 40 than the previously announced 18.6 per cent of the company, shows that he is putting his all into the endgame.



lose. Indeed his surprise announcement yesterday, that he had nearer 40 than the previously announced 18.6 per cent of the company, shows that he is putting his all into the endgame.

going given that 45 per cent of the company stayed put in chairman Alan Sugar's portfolio. It has enjoyed a rating normally reserved only for the also-rans of the industry.

Perhaps the Bank is reserving its criticisms for the real post-mortem which takes place behind closed doors. But this is almost certainly not the case.

Amstrad

No matter how many times Amstrad has doubled in size over its short life, UK institutions still seem to view it as something of a six-month wonder.

La Générale

On sheer tactics, the Belgian entrepreneur leads the Italian race for Société Générale de Belgique. If Mr Leyson can get his entire fan club and a few extra friends besides to sign his agreement with Suez, he will have won control without having bought a single share, and without making any promises which might prove hard to keep.

Time is divided into two parts: before and after Hublot

No longer is time an abstract concept. It has become an advanced piece of machinery. For when MDM GENEVE created Hublot, "time" was re-defined.



Each time-piece resplendent in gold or steel, or a combination of both, a contrast to the black opaque strap, made from the very finest couturage. What began as an abstract, is now a reality.

سكزا من الاصل

Willis

COMPANY MEETINGS.

NORTH-EASTERN RAILWAY COMPANY.

The half-yearly general meeting of the North-Eastern Railway Company was held on Friday at the City Rooms, York, Mr. J. Dean Deane (chairman) presiding. The chairman, in moving the adoption of the report...

LAW REPORTS.

JACOBSON V. THE INTERNATIONAL CABLE COMPANY (LIMITED).

This plaintiff in this case (which came on in the Queen's Bench Division on Saturday) sued to recover the sum of £250,000, which he said he had lent to the defendants. The defence was that there was no loan, but that the plaintiff being a director of the company...

MIDLAND RAILWAY COMPANY.

THE REPORT OF THE DIRECTORS OF THE MIDLAND RAILWAY COMPANY FOR THE HALF-YEAR ENDED DECEMBER 31 STATED...

The report of the directors of the Midland Railway Company for the half-year ended December 31 states that the traffic carried as compared with the corresponding half of 1887 shows a decrease...

THE FRAUDS IN CHANCERY.

THE FRAUDS IN CHANCERY.

The frauds lately perpetrated on the Chancery Division of the High Court of Justice by means of forged and the retaining false affidavits, says the Spectator, raised some very curious points as to the responsibility of the court for losses sustained...

LATEST TRAFFIC RECEIPTS.

LATEST TRAFFIC RECEIPTS.

The receipts of the Furness Railway for last week show an increase of 1,351, as compared with the corresponding week of the Great Northern and Western Railway to hand on Saturday...

THE GENERAL IMPROVEMENT IN TRADE.

THE GENERAL IMPROVEMENT IN TRADE.

The reports of the railway companies for the past half-year and the speeches of the chairman of the companies at the meetings already held refer to the encouraging terms to the general improvement in the trade of the country...

THE FURTHER NORTH-EASTERN RAILWAY COMPANY.

This case came up on appeal in the Queen's Bench Division on Saturday from a decision of the county court judge at Leeds, and was an action brought by Mr. J. B. Firth, lately Member of Parliament, to recover the sum of £5,000...

SATURDAY'S MARKETS.

SATURDAY'S MARKETS.

LONDON. METROPOLITAN MEAT.—A moderate supply was on offer. The trade was slack at the market prices...

OUR CONTEMPORARIES.

OUR CONTEMPORARIES.

There has, however, the Economist, been extreme liberality on the part of the directors of the Midland Railway and Dock Company in November last far an agreement under which the undertaking of that company might be worked by the Midland Company...

DIVIDENDS ANNOUNCED.

DIVIDENDS ANNOUNCED.

The half-yearly meeting of the Great Western Railway was held yesterday at Paddington, Sir Donald Stewart presiding. The directors declared a dividend of 10 per cent...

STOCKS AND SHARES.

STOCKS AND SHARES.

W. J. NICHOLS AND CO. STOCK AND SHARE BROKERS. OPEN Speculative Accounts from 1 per cent. cover Circulars, Prospectuses, and Telegrams free. Telegraphic Address: "INTRINSIC," London.

SALES BY AUCTION—TUESDAY.

SALES BY AUCTION—TUESDAY.

At 10 o'clock, at the premises of Messrs. D. M. J. S. & Co., 15, Abchurch Lane, London, E.C. 4, the following goods were sold by auction:—

GAS LIGHT AND COKE COMPANY.

GAS LIGHT AND COKE COMPANY.

The 152nd half-yearly general meeting of the Gas Light and Coke Company was held on Friday at the City Rooms, London, Mr. J. B. Firth presiding. The chairman, in moving the adoption of the report...

THE NORTHERN TRANSVAAL GOLD MINING COMPANY.

THE NORTHERN TRANSVAAL GOLD MINING COMPANY.

JOHN MILNER O'NEILL, Chairman of the Old Market place, Great Grimsby, appeared at the Court on Saturday, to a summons taken out by Mr. Charles William Perryman, charging him with negligence in the management of the Northern Transvaal Gold Mining Company, Limited...

ON OUR TABLE.

ON OUR TABLE.

In this 25th yearly issue of "The Directory of Directors," there is a considerable increase in size, showing the activity which has existed in company matters during the past year. In the list of 1,100 full names of the directors, as compared with 1,200 in 1886, and 800 in 1885...

SINGLE OPTIONS.

SINGLE OPTIONS.

Table with columns: (The Put and Call is Double the Single Option.), Bid, Ask, and various market data for single options.

THE AFFAIRS OF JOSEPH NELSON.

THE AFFAIRS OF JOSEPH NELSON.

A RECEIVING ORDER has been made against Joseph Nelson, described as of 111, High-street, Marylebone. The petitioning creditor is Sir Wansley Tyler, M.P., who takes in respect of sums incurred by him in successfully defending an action brought by the debtor for forcible ejection from a meeting of the Furness Railway shareholders in December, 1884...

REGISTERS OF STOCKS AND SHARES.

REGISTERS OF STOCKS AND SHARES.

MESSRS. FAGGE AND CO. STOCK BROKERS, MINING SHARES AND OPTION DEALERS. 10, Abchurch Lane, LONDON, E.C. 4. Telephone No. 251.

The **LISTS** will **OPEN** on **MONDAY**, the 13th inst., and **CLOSE** on or before **THURSDAY**, the 16th, for Town and Country.

Entire Foreign Patent Rights for Ashley's Invention for Bottle-Making by Automatic Machinery Bottles produced at one-tenth the present cost of labour.

Estimated Profits from Royalties alone over £400,000 per Annum, equal to 65 per cent. on the entire Capital of the Company now issued.

The Vendors have so much confidence in the future success of the Company that they are prepared to receive the whole of the purchase-money in Shares, or Shares and Cash, at the option of the Directors of the Company.

EUROPEAN & AMERICAN MACHINE MADE BOTTLE COMPANY, LIMITED.

Incorporated Under the Companies Acts, 1862 to 1887.

CAPITAL £600,000, IN 120,000 SHARES of £5 each.

Issue of £600,000, in 120,000 Shares of £5 each. Payable 5s. per Share on Application, 15s. on Allotment, £2 on April 5, and the balance on May 15, 1888, a large amount of which has already been applied for.

DIRECTORS.

GEO. WOODYATT HASTINGS, Esq., M.P., D.L., J.P., Brook's Club, St. James-street, S.W., and Bernard's-green House, near Malvern (Chairman of the Worcester City and County Banking Company, Limited, and of the Worcester Royal Porcelain Company, Limited).
COLONEL CHAS. FREVILLE SURTEES, D.L., J.P., Chalott House, Long Ditton (Director of the South Eastern Railway Company).
F. R. BULLOCK, Esq. (of E. G. Shaw and Co., East India Merchants), 88, Bishopgate-street-within, E.C. (Chairman of the Upper Assam Tea Company, Limited).
EMERSON RAINBRIDGE, Esq., C.E., J.P., Consulting Engineer, 2, Great George-street, Westminster, S.W., and Nunnery Collieries, Sheffield.
B. INGELAM CLARK, Esq., J.P., F.L.S., F.C.S. (of Messrs. Robert Ingham Clark and Co., Varnish Manufacturers, West Ham Abbey Works, and 18, St. Helen's-place, E.C.), Director of the Federal Fire Insurance Company, Limited.
ALBERT HOSYER, Esq., A. M. S. T. E. and E., of London and Paris (Joint Managing Director of Messrs. Woodhouse and Rawson, Limited, engineers, London).
ARTHUR BOAKE, Esq. (of Messrs. A. Boake and Co., consulting chemists), Clonsburgh Chemical Works, Stratford.
JULIUS FAHDT, Esq., Dresden, manufacturer of glass moulds and sand blast machinery, and editor of *Glass Industry Gazette*, of Germany.

BANKERS.

The London and Westminster Bank, Limited, Lothbury, London, E.C., and Branches.

SOLICITORS.

Messrs. CHINERY, ALDRIDGE, and CO., 2, Brahan Court, Gracechurch Street, London, E.C., and Messrs. LUMLEY and LUMLEY, 15, Old Jewry Chambers, Bank, E.C., and 15, Rue de la Chaussée d'Antin, Paris; and 75 bis Cours Jouanne Andet, Bordeaux.

BROKERS.

London: Messrs. NICKISSON, EVANS, and CO., Stock Exchange, and 2, Capel-court, E.C.
Leeds: Messrs. RIDSDALE and WALES, stockbrokers, Leeds.
Liverpool: Messrs. JOSEPH KING and SONS, Stock Exchange, and Exchange-street, Liverpool.
Manchester: Messrs. FERNYHOUGH and ASHE, Stock Exchange, Manchester.

SECRETARY.—ERNEST O. LAMBERT.

OFFICES—Winchester House, Old Broad-street, London, E.C.

PROSPECTUS.

THIS COMPANY has been formed for the purpose of acquiring, and, as deemed expedient, working under, by licensing, manufacturing or otherwise, the Foreign and Colonial Patents for Ashley's Invention for the manufacture of glass bottles and other glass hollow ware, in relation to which the Directors have no hesitation in expressing their firm conviction that it is destined to entirely revolutionize the glass bottle manufacturing industry throughout the world. The English Patent for the same is numbered 14,727, and dated November 13th, 1886 (with certain improvements contained under Provisional Specifications, numbers 3,434 and 7,560, 1887, respectively, comprising an invention for the manufacture of glass bottles and other glass hollow ware by machinery), the validity of the whole, after thorough search, having been certified by R. F. Drury, Esq., F.Inst.P.A.

The English Patent rights were secured by a well known firm of English bottle makers in Yorkshire, and have since been sold by them to a Joint-Stock Company under the title of "Ashley's Patent (Machine-made) Bottle Company."

Patents for the following Countries have already been duly applied for—

France	Italy	Portugal
Germany	United States of America	Russia
Belgium	Canada	Denmark
Austria	Spain	Norway

The introduction of machinery has naturally created enormous excitement; probably no invention of modern times has been the subject of more favourable attention and comment in the public Press, and intending shareholders are referred to the numerous extracts taken from a few of the leading journals.

The Invention, like most others of great practical value, is remarkably simple, and the process, as compared below with that now in use, possesses many obvious advantages.

BOTTLE MAKING BY PRESENT PROCESS.

1. The "Gatherer" gathers the glass out of the furnace on the end of a blow pipe. The "Blower," taking blow pipe from the "Gatherer," blows a bubble in the glass, and then rolls it on the "marver" in order to draw it out to required length.
2. The "Blower" next carries the pipe, with partly blown bottle at end, to bottle mould, and having placed it inside, pulls hard with one hand at a chain attached to the mould, while, with the other, he holds the blow pipe to his mouth and blows with all his might.
3. The bottle is then taken by a lad, and cut off from the blow pipe by means of a steel chisel and cold water. This is called "wetting" or "wetting off."
4. The hot blow pipe, with large lump of red-hot glass attached, is then placed on a rack, where it remains, until, by contraction of the glass in cooling, it eventually cracks off. This entails a waste of over 20 per cent. of all the glass used, which waste has to be re-melted.
5. The bottle is afterwards taken by the head man, or "maker," who with one hand holds the bottom end in a tool called a "pumpy." He also holds the top end, and with the other hand takes some glass out of the furnace on to an iron rod, and wraps it round the neck. This done, he throws down the rod, picks up a pair of moulding tools, which he holds to neck, while "spinning" the bottle rapidly round, thus shaping the ring on the lip, but never gets it actually true, even in the case of the best of workmen.
6. Working space, say 100 per cent.
7. Labour: Five hands (two men and three boys) work one hole, and make about eight gross of bottles for a day's work.

The following statement taken from the published statistics of the Press will serve to show how an estimated annual income of £400,000, equivalent to over 65 per cent. on the entire capital of the Company now issued, may confidently be expected to be realized.

OUTPUT PER DAY OF GLASS BOTTLES.

Gross per day.		Gross per day.	
Germany and Belgium	30,039	Canada	120
Austria	7,000	Australia	207
Sweden	900		
Norway	600	Total	40,226
United States	840		
Denmark	360		
France	100		

Or equal to 12,067,800 gross per annum of 300 working days.

It will be seen that, in the above countries alone, 40,226 gross are produced per day, which, taken at 300 working days, would be 12,067,800 gross per annum; and assuming that only a royalty of 8d per gross (or 30 per cent. less than is proposed to be charged by the English Company), the revenue from this source alone would be equal to a profit of 400,000l a year, and this without material expenditure by or risk to this Company.

The above, it will be seen, does not include numerous countries of great importance, in respect of which statistics are wanting and from the numerous inquiries to purchase the other Patent-rights not included in this estimate or acquire license to work under same, it is confidently expected that the greater portion of this Company's Capital will be returned to the Shareholders from this source alone, as bottle-makers will be practically compelled to adopt the machine, owing to the immense saving of labour effected, and the great superiority of the bottles produced thereby.

Sweden	Queensland	West Australia
India	Tasmania	Argentine Republic
Victoria	South Australia	Brazil
New South Wales	New Zealand	Turkey

Years of scientific labour and large sums of money have been fruitlessly expended in trying to find some method of producing bottles by machinery. In the bottle trade, the primitive methods that obtained hundreds of years ago have been continued with little modification to the present day; glass is still fashioned by human hands and lips. Mechanical science has revolutionized all other industries, and has left this most important one untouched.

It is claimed for this invention that, heretofore, machinery must be employed in the bottle industry. Hitherto bottles have been entirely produced by hand and mouth, the lip or ring of the neck being put on by a separate manipulation in the process of manufacture, and, although frequent attempts have been made to substitute machinery for the old-fashioned and injurious system of mouth blowing, all previous efforts in this direction have hitherto been admittedly unsuccessful. The remarkable invention secured by the Company has effected a satisfactory and practical solution of the problem, and therefore glass can be melted, and then fashioned by machinery. And not only is an enormous reduction effected by substituting machinery for hand labour, but with an accuracy hitherto impossible, and with results in the highest degree beneficial to one of the most important industries in which human labour is engaged.

BOTTLE MAKING BY NEW PROCESS.

1. Instantaneous automatic action of lever or crank does all the work required, and does it better.
2. As the bottle mould forms part of the machine, the operator remains stationary. The mould closes automatically (being fed by a continuous flow of molten glass from the furnace), and an automatic machine blower at once completes the bottle.
3. As the glass never becomes attached or welded to any part of the machine, the "wetter-off" is entirely dispensed with.
4. No "cracking off." No waste glass.
5. The neck, with ring on lip, made and finished simultaneously and instantaneously, as described in No. 2.
6. Working space, under 75 per cent. (economy over 25 per cent.)
7. Labour: Three hands (one man and two boys) work one machine; will make about 80 gross of bottles per day.

The Vendors have so much confidence in the invention that they are quite prepared to transfer the whole of their valuable rights for fully paid-up shares in the Company, notwithstanding that they have negotiations for the purchase of certain of the Patent rights for cash and royalties, thus affording conclusive evidence of their personal belief in the future success of this enterprise.

By means of the present issue, the Company reserves for working capital 100,000l, which the Directors are convinced will be ample for the carrying out all the objects of the undertaking.

The following Contracts have been entered into:—A certain agreement between John Hardcastle and Howard Matravas Ashley, of the one part, and John Charles Cottam, of the other part, and dated the 31st day of December, 1887, and an agreement made between John Charles Cottam, of the one part, and Alfred Charles Dockerill, as Trustee for the Commercial Trust Agency, Limited, of the other part, and dated 31st day of December, 1887, and an agreement made between Alfred Charles Dockerill, as Trustee, of the one part, and Ernest Orger Lambert, as Trustee on behalf of the Company, of the other part, and dated the 9th day of February, 1888; which latter agreement provides for the purchase of the Patent-rights above stated for all countries in the world where patents are obtainable other than the United Kingdom of Great Britain and Ireland, for the sum of 500,000l, payable either in Shares or cash and Shares, at the option of the Directors.

The Memorandum and Articles of Association of the Company can be seen at the Offices of the Solicitors of the Company. Application will be made to the London Stock Exchange for a settlement and quotation of the Company's Shares as early as practicable.

Application may be made on the form accompanying the Prospectus, or by letter addressed to the Secretary, briefly stating the number of Shares required, accompanied by a remittance of 5s per Share.

Where no Allotment is made, the deposit will be returned in full, and where application is made for more Shares than are allotted, the balance of the deposit will be applied towards payment on the Shares allotted.

Prospectuses and Forms of Application for Shares may be had of the Bankers, Solicitors, Brokers, and Auditors, and at the Office of the Company.

150 من الراجح

SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Friday February 12 1988

King & Co
Chartered Surveyors
01-493 4933
7 Stratford Place, London W1N 9AE

Financial Corporation faces piecemeal break-up

BY ANATOLE KALETSKY IN NEW YORK

FINANCIAL CORPORATION OF America, the largest US savings and loan institution, which has been kept precariously afloat for four years by Federal regulators, appears to be facing a piecemeal break-up, against the wishes of its management.

The strategy of selling off FCA's assets piecemeal, rather than letting the company grow its way out of its financial problems, or seeking a single buyer to take over the whole institution, was confirmed yesterday by the Federal Home Loan Bank Board (FHLBB) after meetings by Mr Roger Martin, the board member responsible for FCA, with the company's Los Angeles-based management and other California thrift institutions.

Mr Martin told FCA management that they must begin disposing of the huge portfolio of mortgage-backed securities which the company had accumulated in the hopes of boost-

ing its profits and improving the quality of its balance sheet. This decision appeared to conflict with the hopes of saving the company through an FCA "earn-out", which were expressed as recently as two weeks ago by Mr William Popejoy, the FCA's chairman, who was brought in by the FHLBB after the company's near-collapse under the weight of disastrously miscalculated property lending.

According to FCA, Mr Martin "directed" the company to sell \$2.5bn "in the near future" and indicated that further sales worth about \$5bn might be required before the end of the year.

The first \$2.5bn tranche of mortgage-backed securities sales would reduce FCA's securities portfolio by 14 per cent and trim 7 per cent off its total assets, which amount to about \$31bn.

In addition Mr Martin held

meetings involving about a 12 major California thrift institutions, to investigate the possibilities for selling some or all of FCA's branches.

FCA operates 185 branches, which generate about \$15bn in retail deposits for its main operating subsidiary, under the banner of American Savings & Loan.

The shift in the FHLBB's strategy on FCA reflects several developments. The sharp drop in interest rates over the last six months has raised the value of FCA's securities portfolio and made it possible to liquidate large parts of this investment without suffering further losses.

At current market values, officials estimate that total unrealised losses on FCA's mortgage-backed securities portfolio would come to around \$400m, as against \$2.5bn last year.

Genentech files \$50m suit against Monsanto

By Louise Kehoe in San Francisco

GENENTECH, the leading US biotechnology company, has filed a \$50m lawsuit against Monsanto and two former Genentech employees, alleging theft of trade secrets related to TPA (Activase), Genentech's recently released blood clot dissolving heart attack drug, and to a treatment for haemophilias that Genentech is developing.

Genentech introduced Activase last November and recently announced that sales totalled \$58m in just the last six weeks of 1987, making Activase the fastest-selling biotech pharmaceutical product.

Genentech is also seeking a court order that would block the defendants from using trade secrets which it claims the former employees stole.

Named in the suit are Mr Charles Benton, formerly senior scientist in Genentech's molecular biology department, and Mr Christian Simonsen, a former Genentech research scientist. Mr Benton is now president and chief executive of Invitron, a California research company in which Monsanto holds a 70 per cent interest. Mr Simonsen also holds a senior position at Invitron.

The Genentech suit charges the defendants with removing documents or laboratory specimens from Genentech for the purpose of developing competing products.

Invitron said the suit follows its announcement last month that Monsanto, G.D.Searle, a Monsanto subsidiary, and Invitron had developed versions of TPA.

Monsanto and Invitron said that they believe the suit is without merit and that they intend to contest the claims vigorously.

UK COMPUTER GROUP TO CREATE SUBSIDIARIES IN EUROPE AND AUSTRALIA

Amstrad surges past forecasts

BY DAVID THOMAS IN LONDON

AMSTRAD, the UK computer and consumer electronics group, confounded City of London expectations by reporting a 26 per cent jump in pre-tax profits to \$90.12m for the half year ending December.

Analysts had been expecting more modest results after Mr Alan Sugar, the company's outspoken founder and chairman, gave a warning that this would be a year of consolidation following a string of years in which profits had doubled.

Mr Sugar conceded yesterday that "consolidation" had been an unfortunate choice of words, since it was interpreted by analysts and journalists "as a typical excuse given by company chairmen when no growth potential exists."

However, sales increased 28 per cent to \$361.06m (\$630m), largely because of a pre-Christmas surge in demand for Amstrad's computers, which left the company entering the new year with unsatisfactorily low stock in Britain, France and Spain. "We sold far more goods than we anticipated," Mr Sugar



Mr Alan Sugar, left revealed plans to expand Amstrad's overseas presence, which already accounts for 61% of sales. It claims to lead the market for home and personal computers in France and Spain and says it is taking market share from the Japanese in video recorders in the UK, Spain and France. On North America the company is more cautious.

The company is creating a West German subsidiary with the aim of making Germany its biggest European market within a few years.

It is also planning subsidiaries in Belgium, the Netherlands and Australia within the next six months.

Amstrad already claims market leadership in home and personal computers in France and Spain, as well as in audio products and printers in Spain, where it is discussing establishing a manufacturing base with the Spanish authorities.

The company says it is taking market share from the Japanese in video recorders in the UK, Spain and France.

Amstrad is more cautious about North America, renowned as a graveyard for British computer companies. Mr Sugar said he intended to penetrate the US "error free", although he claimed that sales of Amstrad computers are already beginning to register in market research statistics there.

said yesterday. The October stock market crash had had no effect on demand, Amstrad said. The only impact of the crash detected by Mr Sugar was "the most ridiculous underrating of our company's stock price."

The stock market made some amends yesterday by marking the price up 5 1/2 p at 135 1/2 p. Mr Sugar unveiled further elements of his plan to build up Amstrad's overseas presence, which already accounts for 61 per cent of sales.

CBS earnings rise by 21% for full year

By Our New York Staff

CBS, the New York-based broadcasting company, made net profits of \$251m or \$9.73 a share in the fourth quarter against \$223m or \$9.35 a year earlier.

For 1987 as a whole net income rose 21 per cent to \$482m or \$17.74 a share.

Both quarterly and annual results were substantially affected by the aggressive programme of disposals undertaken by Mr Laurence Tisch, chairman, to turn CBS into a pure broadcasting company.

In October Mr Tisch sold the large magazine publishing division and last month sold CBS Records to Sony of Japan.

Income from continuing operations was \$136m or \$5.21 a share for the year, against a restated \$74.2m or \$2.62 a share for 1986.

VW targets Europe with spring launch

BY KEVIN DONE, MOTOR INDUSTRY CORRESPONDENT

VOLKSWAGEN, the West German car group, announced yesterday that it is to launch a new version of its Passat saloon and estate car in European markets during the spring.

The development of the new model range has involved an investment of around 0M1.2bn (\$400m).

Although VW is the leading West European car producer with sales in Europe last year of around 1.8m cars (including Audi and Seat), it has remained highly dependent on the success of the Golf, the best-selling car in Europe last year.

The new Passat model is part of the group's attempt to broaden its presence in European markets, and secure a higher penetration of the medium and upper medium

market segments.

The new Passat will be competing at the lower end with models such as the Ford Sierra and Vauxhall Cavalier/Opel Ascona (also due for replacement later this year) and Peugeot 405, as well as further up market with models such as the Vauxhall Carlton/Opel Omega and Ford's Granada/Scorpio.

The Passat, which is to be unveiled at the Geneva motor show at the beginning of March and launched in European markets during the spring, will be available as both a saloon and estate and with three trim levels, CL, GL and GT.

It will have a transverse engine and VW claims that it will have more interior space for passengers and luggage than is in most large cars.

Imasco posts 40% advance to C\$245m

By Robert Gibbins in Montreal

IMASCO, the Canadian food, tobacco products, retailing and financial services group, posted a 40 per cent increase in earnings in the nine months to December 31.

Net profits were C\$245m (US\$193.5m) or C\$1.96 a share, against C\$1.75m or C\$1.45 on fewer shares outstanding. Nine-month revenues rose to C\$4.6bn from C\$4.3bn a year earlier.

In the December quarter, earnings rose to C\$97.8m or 79 cents a share from C\$65.4m, or 53 cents a year earlier, on revenues up to C\$1.5bn from C\$1.3bn.

Imasco altered its year-end from March 31 to December 31 to phase the rest of its businesses with Canada Trustco.

Wall St sceptical about Icahn tactics

BY RODERICK ORAM IN NEW YORK

WALL STREET reacted sceptically yesterday to attempts by corporate raiders to win control of the boards of Texaco and American Standard through shareholder proxy fights.

Share prices of both companies slipped back 1/4 to 3/8 and 5/7 respectively as investors realised the difficult tasks facing Mr Carl Icahn, Trans World Airlines chairman, and Black & Decker, the power tools group, in pursuit of their targets.

Mr Icahn's nomination of a slate of five directors for Texaco was an abrupt change of tactics after assuring the oil company's creditors he would not seek seats because he believed board splits were damaging. Analysts saw it as another attempt by Mr Icahn to

drive up Texaco's stock price. His room for manoeuvre has been severely cramped by new takeover statutes in Delaware, the state in which Texaco is incorporated. If he raised his present stake of 14.8 per cent beyond 15 per cent he would have to bid for at least another 70 per cent or agree not to seek control for three years.

He would also be barred from selling any Texaco assets if he owned less than 25 per cent of the company. Winning boardroom control would, however, give Mr Icahn a large say in Texaco's plans to sell assets and restructure itself to finance its emergence from bankruptcy. Moreover, he could force the removal of Texaco's poison pill takeover defences.

Cray Research launches \$20m computer

By Roderick Oram in New York

CRAY RESEARCH, the Minneapolis-based supercomputer maker fighting back against flagging growth and Japanese competition, has introduced a powerful \$20m machine which establishes new performance standard.

The Cray Y-MP is the first computer in the world to break up complex mathematical equations using eight central processing units to speed up the calculations.

It will offer scientists and engineers significantly better three-dimensional mathematical modelling of, for example, vehicle components and the molecular structure of drugs.

ELDERS INVESTMENTS LIMITED
(Incorporated in Bermuda with limited liability)

ELDERS INVESTMENTS LIMITED

EXTRAORDINARY RESOLUTION OF WARRANTHOLDERS

At a Meeting of the Warrantholders of the above-named Company convened pursuant to Clause 12 of the Conditions to the Warrants and the Third Schedule to the Warrant Instrument and held at 18th Floor, Hong Kong Club Building, 3A Chater Road, Central, Hong Kong at 10 a.m. on 11th February, 1988, the following Extraordinary Resolution was unanimously passed:-

EXTRAORDINARY RESOLUTION

"THAT such modifications to the Instrument relating to Bearer Warrants to subscribe up to US\$148,000,000 for Shares of Elders Investments Limited and made by Elders Investments Limited dated 14th October, 1987, and the Conditions of such Warrants, as may be necessary to extend the expiry date of the Subscription Period of the Warrants (as defined in such Instrument) from 30th April, 1989 to 30th November, 1990, be and are hereby sanctioned."

By order of the Board 12th February, 1988

DEBFOR HOLDINGS PLC
announces its change of name to:

SHERWOOD GROUP PLC

SHERWOOD GROUP PLC NOTTINGHAM ROAD LONG EATON NOTTINGHAM NG10 2BQ TELEPHONE: 0602 461070

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DEBFOR LIMITED HALLÉ NOBELS LIMITED BIRKIN & CO. LIMITED THE TEXTILE FINISHING GROUP LIMITED

This announcement appears as a matter of record only. December 1987

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INTERNATIONAL COMPANIES AND FINANCE

More Coke bottling interests for Amatil

By Our Financial Staff
AMATIL, the Australian food, tobacco and beverage group...

Debt repayments hit Sidor profits

BY JOE MANN IN CARACAS
SIDOR (Siderurgica del Orinoco), Venezuela's largest steel-maker...

West Germany and Rokop Engineering of the US. Sidor last year exported 939,000 tonnes of products...

Campeau renews offer for Federated

By David Owen in Toronto
CAMPEAU, the Canadian property and retailing group...

Shawmut Corporation U.S.\$50,000,000 Floating Rate Subordinated Notes Due 1997

Banca Nazionale del Lavoro (Incorporated as an Istituto di Credito di Diritto Pubblico in the Republic of Italy)

I.G. INDEX LTD. 9-11 GROSVENOR GARDENS, LONDON SW1W 0BD

FIRST CHICAGO CORPORATION US\$200,000,000 Floating Rate Subordinated Capital Notes Due 1997

CHEMICAL BANK As Agent Bank for First Chicago Corporation.

Leighton only just ahead at midway

By Our Financial Staff
LEIGHTON HOLDINGS, the Australian building and contracting group...

US Bowater 'in good shape'

By Maggie Urry
BOWATER INC, the US paper group which recently announced record profits for 1987...

down to 28.2 per cent from 40.0 per cent in 1986. The return on equity was 13.1 per cent and Mr Gammie expects a rise during 1988 towards the 20.2 per cent achieved in 1984.

Key role at Kupe for Brierley

By Our Financial Staff
BRIERLEY INVESTMENTS (BIL), Sir Ron Brierley's New Zealand master company...

chairman, has been appointed managing director of Kupe. BIL has increased its shareholding in NZI, the leading New Zealand insurance and financial services group...

LAND SECURITIES PLC

Notice of Adjourned Meeting of Holders of £84,000,000 6 3/4 per cent Convertible Bonds Due 2002

NOTICE IS HEREBY GIVEN THAT a MEETING of the holders of the £84,000,000 6 3/4 per cent Convertible Bonds Due 2002 of Land Securities PLC...

By Order of the Board LA Jones Secretary

Registered Office: Landsec House, 21 New Fetter Lane, London EC4P 4PY

Bonds may be deposited with or to the order of any of the Paying and Conversion Agents...

PRINCIPAL PAYING AND CONVERSION AGENT The Chase Manhattan Bank, N.A. Woolgate House, Coleman Street, London EC2P 2HD

Better results at NEI Africa

NEI AFRICA, the South African subsidiary of Northern Engineering Industries of the UK...

Combustion, its boiler manufacturing subsidiary, has contracts for power station equipment running to 1993 but that the lack of private and public sector capital spending is a matter for concern.

To the Holders of Reading & Bates Energy Corporation N.V. and Reading & Bates Corporation, as Guarantor

Wells Fargo & Company U.S. \$200,000,000 Floating Rate Subordinated Capital Notes due 1998

NOTICE IS HEREBY GIVEN that an Event of Default (as defined in the indenture dated as of December 1, 1985) has occurred...

In accordance with the provisions of the Notes, notice is hereby given that for the interest period 12th February 1988 to 12th May 1988 the Notes will carry an Interest Rate of 6 3/4 per annum.

Under the terms of the indenture, the Trustee or the holders of not less than 25% of the principal amount of the Debentures for such amount as shall have been agreed as a majority of Debentureholders pursuant to Section 6.05 of the indenture may declare the principal of the Debentures immediately due and payable...

Mortgage Intermediary Note Issuer (No. 1) Amsterdam B.V. For the three month period from 11th February, 1988 to 11th May, 1988 the Notes will bear interest at the rate of 9 1/4 per cent per annum.

MIDLAND NEWSPAPERS LIMITED a subsidiary of Ingersoll Publications Limited has acquired the business interests of The Birmingham Post & Mail Ltd and Coventry Evening Telegraph

RIGGS CHANGE OF ADDRESS THE RIGGS NATIONAL BANK OF WASHINGTON, D.C. LONDON BRANCH effective, 15th February, 1988

Bankers Trust International Capital N.V. (Incorporated in the Netherlands Antilles) U.S.\$200,000,000 Guaranteed Floating Rate Subordinated Notes Due 1998

US\$42,000,000 Short-term Guaranteed Notes issued in Series under a US\$200,000,000 Note Purchase Facility by Mount Isa Mines (Coal Finance) Limited

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

Stefan Wagstyl on how a MoF tax change may prompt Japanese participation Tokyo banks wary over Mexico debt plan

JAPANESE BANKS have reacted warily to an international scheme to reduce Mexico's debts through a \$10bn auction of Mexican government bonds.

JAPANESE BANK EXPOSURE TO MEXICO table with columns for bank name, exposure, and hidden reserve.

It could be a last-minute decision. Mr Kashiwagi's comments echo remarks made last week by Mr Kenichi Kamiya, president of Mitsu Bank, who said the plan was a "positive move" but had "many problems."

hit bank profits more severely than in other countries, since banks elsewhere which have already made large provisions for their Mexican debt may not have to make any additional provisions as a result of the new scheme.

Mr Kashiwagi says Tokyo banks are watching one another carefully to see what their competitors will do. "It's the Japanese style," he says.

Canadian dollar deals meet good responses

YESTERDAY'S two Canadian dollar deals for British Columbia and Deutsche Bank Finance Curacao, both met good responses.

INTERNATIONAL BONDS

The first Eurobond to emerge was a \$100m five-year deal for British Columbia, led by Swiss Bank Corporation.

D-Mark domestic bonds rose in early trading by as much as 55 basis points in brisk turnover. There was also a small selling group for the bond, though it had been substantially preplaced over the last week.

First profit fall at CSFB in eight years

Shareholders' equity rose from SFr639.7m to SFr936.5m. Investment banking revenues rose by 60 per cent to SFr245.3m and investment management revenues advanced by 31 per cent to SFr68.9m.

ing trend of corporate restructuring is going forward. Government bond markets would also be important in 1988, he said.

Mr Roger Vasey has responsibility for global debt markets, and oversees corporate bond trading and underwriting, and interest rate and currency swaps.

Merrill to reorganise equity side

MERRILL LYNCH Capital Markets, the wholesale business arm of the US investment bank, is bringing together all its international equity business into a new division.

Five-year bond for Venezuela

VENEZUELA yesterday issued a \$100m five-year Eurobond at a fixed interest rate of 3 1/2 per cent over the yield on US Treasury bonds.

fixed interest rate of 3 1/2 per cent over the yield on US Treasury bonds. By contrast, it is currently paying 7 1/2 per cent over London interbank offered rate on about \$2.5bn of its \$25.5 external debt under restructured deal arranged last year.

There was also a small selling group for the bond, though it had been substantially preplaced over the last week. Yesterday, bonds were being offered at par.

INTEC INC. advertisement including logo, company name, U.S. \$100,000,000, 5 PER CENT GUARANTEED NOTES, and a list of international partners like Robert Fleming & Co. Limited and Daiwa Europe Limited.

Mr Richard Letyens, who has headed international equity syndication at Merrill in London for the past 2 1/2 years, is leaving to establish a niche investment bank.

Toronto SE under fire over sackings

THE RECENT dismissal of 20 Toronto Stock Exchange employees has revived a sometimes acrimonious debate over the way in which the exchange should restructure in the increasingly competitive global securities environment.

FT INTERNATIONAL BOND SERVICE

Table listing international bonds with columns for country, bond name, amount, and price. Includes sections for US DOLLAR, OTHER STRAIGHTS, and CONVERTIBLE.

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UK COMPANY NEWS

Amstrad pleases City with £90m

BY DAVID THOMAS

STRONG SALES of personal computers by Amstrad, the computer and consumer electronics group, in the pre-Christmas period lay behind a 26.4 per cent increase in taxable profits to £90.12m for the six months to end-December.

The results were above City expectations, shaped by Amstrad's statement in September that 1987-88 would be a year of consolidation, and the shares closed up 5 1/2p at 136 1/2p.

The interim dividend is doubled to 0.4p. Sales were up 23.3 per cent at £361.06m, with 61 per cent from outside the UK.

Mr Alan Sugar, chairman, also announced a further step in Amstrad's drive to build up overseas sales. A West German subsidiary was to be set up, replacing a distribution agreement with Schneider for West Germany, the Netherlands and Belgium. Those three countries contributed 12.5 per cent (£33.9m) of turnover in 1986-87.

Mr Sugar said German sales would be lower in the second half, before the new subsidiary

was established, but would increase substantially next year and would be the largest contributor to European sales within a few years.

The new PC1840 personal computer and its PCW9512 word processor had outstripped sales of Amstrad's older ranges in the UK, according to Mr Sugar. However, he added that the older makes of personal computers and word processors continued to sell well, proving that Amstrad now had a broad portfolio of successful products.

Mr Sugar said 18,000 orders had already been placed for Amstrad's portable computers, which were announced in November for first deliveries last month. This was almost as many as the entire UK demand for portables in the previous year.

Amstrad had maintained its UK market leadership in audio products and moved into the number two slot in video recorders after only a year, said Mr Sugar. The company was planning to expand its

Shoeburyness plant, increasing the workforce by about 100 to 650 by the end of the year.

It was intended to unveil a number of new products in the second half which would have an impact next year.

Reviewing progress outside the UK, Mr Sugar said Amstrad was market leader in France in home computers and business computers and was making large inroads there in audio and video recorders.

The company also claims market leadership in home and personal computers, audio and printers in Spain, and number four position there in video recorders, which it has been selling for only six months. Amstrad is discussing with the Spanish authorities the possibility of setting up a warehouse and manufacturing there.

The new Italian subsidiary was already trading profitably and would be a substantial contributor next year. Amstrad hopes to build up computer sales in the US in the next half, but Mr Sugar warned that success there would take longer



Alan Sugar, announced plan for West German subsidiary

Peachey advances to £7.9m at midterm

By Paul Cheeseright, Property Correspondent

Peachey Property reported a sharp increase in interim profits and looks set to record a significant rise at the year end on the back of a buoyant property market which has lifted its rental income and trading returns.

Shareholders are to receive an interim dividend of 4.5p (4p) on a share capital enlarged by a one-for-four rights issue last October, making 10.25p for the year.

In the six months to December 26, Peachey made pre-tax profits of £7.97m against £4.37m last time. Earnings per share were 13.9p compared with 7.9p for the 1986-87 first half.

The group, which has a portfolio based on retail property and offices, is currently bidding for Estates Property Investment Company, which is strong in industrial property. The offer document for the £58.5m bid is expected to be posted next week.

On Wednesday the Department of Trade and Industry announced that inspectors had been appointed to examine dealings in Peachey shares on May 8 1987. This had little effect on the shares as the company itself is not involved and yesterday, on publication of the interim, the share price remained steady at 38 1/2p.

Two key factors were behind the rise in interim profits. An increase in net rental income to £8.1m from £6.2m and a jump in trading profits to £4.3m from £1.07m.

Both factors reflect the strength of the property market, and Mr John Brown, Peachey managing director, said yesterday that he had not detected any weakening since the stock market crash last October.

With a rising stream of rents as more properties are let and more rent reviews come through, and with some property sales already under its belt in the second half, Peachey looks set for a rise in profits for the year to around £14m, on City estimates.

BOC ahead 8% despite adverse exchange rates

BY PHILIP COGGAN

BOC Group, the industrial gases and healthcare combine, increased first quarter pre-tax profits by 8 per cent, despite the effect of unfavourable exchange rates.

For the three months to December 31 it made £63.8m, compared with £59.1m in the corresponding period of 1986. The effect of the decline of the US dollar, Australian dollar and South African rand was to knock £8m off trading profits; however, that would have been even worse but for a £1.6m benefit from a dollar hedging programme. In addition, the dollar's decline helped reduce the interest charge from £13.5m to £10.8m.

BOC's share price was battered at the time of the stock market crash because of its US links. But both the US gas and healthcare businesses performed well and the company said it had as yet seen no signs of a recession in America. Profits from the area fell - from £32m to £27.5m - solely because of the dollar's decline.

The other geographical areas all increased profits with the largest rise coming from Africa - up from £7.9m to £10.3m. European profits were up from £18.9m to £21m and Asia-Pacific profits, helped by strong gas sales in Japan, increased to £15.1m (£14.3m). BOC recently

offered to buy out the minority stake in Commonwealth Industrial Gases, its Australian subsidiary.

Mr Richard Giordano, chairman and chief executive, said: "This overall performance puts us on course for further growth in profits and earnings per share for the year as a whole".

Turnover, including that of related companies, was slightly down at £666m (£693m). Operating profits of £74.2m (£72.5m) included £5.3m (£4.4m) from related companies. After tax of £18.1m (£13.5m), fully diluted earnings per share were 12.3 pence higher at 8.83p (7.99p).

See Lex

Mowlem drops Buehler sale

BY DAVID WALLER

John Mowlem has abandoned the proposed sale of the 78 per cent stake in Buehler International, its instrumentation and materials analysis compounds manufacturing subsidiary.

The UK construction, property and engineering group blamed October's stock market crash for its decision not to proceed. Last September, it announced that it was seeking tenders for the holding.

Sir Philip Beck, Mowlem's chairman, said yesterday that a number of companies had expressed an interest in the holding prior to the crash. Although informal negotiations were kept open after Black Monday, no concrete offer emerged.

Buehler's profit record has been erratic: profits before interest and central costs fell from £5.6m in 1985 to £2.5m,

equal to seven per cent of group total, in the following year, on turnover almost static at £43m.

For the nine months to September 30, Buehler was "well ahead" of the previous year, generating pre-tax profits of \$4.4m (£2.6m).

In December 1985, Mowlem floated 24 per cent of Buehler on the US over-the-counter market to raise \$13.9m.

GKN expands international interests

BY DAVID WALLER

GKN is extending its international interests in automotive transmissions components. It is to take a 40 per cent holding in a new Brazilian company, ATH Albarus Transmissões Homocinéticas SA, a manufacturer of constant velocity joints, and a 30 per cent stake in the Australian company Unidrive PGY under a joint venture agreement.

The other shareholders in the Australian venture are BTE-Nylox, with 50 per cent, and NTN Tokyo Bearing with the remaining 20 per cent. With net assets of A\$20.1m (£8.1m), Unidrive makes CVJs, primarily for the front-wheel drive market. In neither case did GKN disclose how much it paid for its holding.

THF accounts reveal big pay rises for directors

BY DAVID WALLER

MR ROCCO Forte, chief executive of Trusthouse Forte was paid £230,222 last year, two and a half times more than the £88,344 he received in 1985.

Published yesterday, the hotel group's report, and accounts to October 31, also show that Lord Forte, chairman, was paid £234,677, an 84 per cent increase on his 1986 salary of £127,227.

Six other directors saw their salaries rise beyond the £105,001 to £110,000 band the upper limit for 1986. One director earned between £105,001 and £110,000; four earned between £150,001 and £155,000 and the highest paid received between £200,001 and £205,000.

In total, remuneration for the 11 directors doubled from £1m to £2m. Wages and salaries for the group's 71,000 employees rose by 15 per cent to £448m, against £389m in 1986 when employees numbered 60,900.

A THF spokesman said yesterday that the big increases in directors' salaries were due to performance-related bonuses. Pre-tax profits rose £44m to £180m last year, and earnings per share advanced 31 per cent to 15.3p.

In his statement with the report, the chairman said the new financial year had started well. "To date we have seen no significant impact on our trading from the fall in world stock markets and the decline in the US dollar."

GrandMet lifts external sales in first quarter

Grand Metropolitan, brewing, hotels and food group, announced a 18.7 per cent increase, from £1.36bn to £1.58bn in external sales for the three months ended December 1987. In the year to September the group had total sales of £5.71bn.

The directors said that if the effect of exchange rate movements on translation of the overseas subsidiaries into sterling was eliminated the increase for the quarter would be 20.8 per cent.

Kennedy Brookes rises 77%

BY FIONA THOMPSON

Kennedy Brookes, the hotel and restaurant owner, yesterday reported pre-tax profits 77 per cent ahead at £10.42m for the 12 months to October 25, 1987, compared with £5.9m the previous year.

The group owns the Wheeler's and Mario & Franco restaurant chains, a hotel division with 1,800 rooms, Brookes Outside Catering, a wine merchant and a half share in the London Pavilion development on Piccadilly Circus.

"Just about every section of the company is growing strongly," said Mr Michael

Golder, chairman. "The importance of the hotel division, in particular, will increase significantly."

About 35 per cent of operating profits were from hotels last year, a figure the company expects to rise to more than 50 per cent in this financial year and to about 75 per cent next year. Kennedy bought the 11-street chain of Heritage Hotels for £36m last summer and in October began a two-year, £15m refurbishment programme.

"We are moving the hotels into the upper-middle market," said Mr Golder. "Away from the coach tour, frozen chicken, tinned fruit salad type."

The group also acquired the Londonderry Hotel in London's Park Lane and the Howard Hotel in New York for \$64m last year from Barclay Brothers, and in a separate deal, the Onslow Court Hotel in Kensington for £19.5m.

The catering business has been boosted by the acquisition of Black and Edgington, the marquee hire company. Apart from having an exclusive contract to feed boxing fans and ballgoers alike at the Royal Albert Hall, Brookes will be providing food and marquee at this year's Farnborough Air Show and at the Henley regatta and festival.

"We even benefit from wor-

ries of an economic downturn, because everyone is entertaining even harder to try and sell their products," said Mr Golder.

Turnover for the year rose 40.5 per cent from £43.51m to £61.55m. The tax charge was £2.4m, compared with £1.24m. Earnings per share rose from 22.69p to 27.1p. A final dividend of 1.56p (1.2p) was recommended, making a total of 26.6p (1.95p) for the year.

comment

These results were slightly ahead of most analysts' expectations, helped, not least, by the three months contribution from the ex-Heritage outlets, covering the most profitable time of the hotel year. The company has also benefited from better margins on wines, a more stable fish price, and the ability to offer both catering and marquees when pitching for an event. This year will see the switch from Kennedy Brookes being primarily a restaurateur to primarily a hotelier and the jury is still out on that. One worry is the high level of borrowings - gearing is 90 per cent - but the City is confidently looking for about £15m pre-tax profits for this year, which on yesterday's closing share price of 26.5p, 3p down on the day, produces a prospective p/e of 9.5.

DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding div	Total for year	Total last year
Amstrad	0.45	Apr 11	0.2	1.48	0.7
Elbit	0.53	Apr 9	0.53	11.55	1.48
Goring Kerr	9.15	Apr 5	1.2	2.64	1.95
Kennedy Brookes	1.66	Apr 7	1.2	10.25	3.6
Peachey Prop	4.5	Apr 27	4	2.2	1.15
Personal Comp	1.5	Apr 7	1.2	2.2	2.2
Wm Ransome	0.44	May 31	0.4	2.09	1.83
Scandinavian Bk	5.3	Apr 5	0.48	2.2	2.2
Scot American	0.55	Apr 5	0.48	5.68	3.52
Splash Prods	1.1	Apr 5	1.68	2.4	2.07
Tace	7	Apr 5	1.68	2.4	2.07
Ward Holdings	1.9	Apr 5	1.68	2.4	2.07

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. \$USM stock. ‡Unquoted stock. †Third market.

Birmid Qualcast PLC Shareholders

BLUE CIRCLE'S FINAL OFFER

380^p
IN CASH

BIRMID QUALCAST SHARE PRICE

360^p
(best bid price at midday on 11th February 1988)

LAST BUSINESS DAY

FINAL OFFER CLOSES AT 1.00 pm ON SATURDAY 13th FEBRUARY 1988

(Unless it has by that time become unconditional, in which case it would be kept open for a further 14 days)

Telephone Mark Breuer
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if you require any assistance in accepting the offer.

†Unless there is a competing offer

This advertisement has been placed by Baring Brothers & Co., Limited on behalf of Blue Circle Industries PLC. The Directors of Blue Circle Industries PLC are the persons responsible for the information in this advertisement.

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February, 1988

£50,000,000

10% per cent. Bonds due 1993

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(Incorporated in England under the Building Societies Act 1986)

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Daiwa Europe Limited	Dresdner Bank Aktiengesellschaft
Girozentrale und Bank der österreichischen Sparkassen AG	Kleinwort Benson Limited
Mitsubishi Trust International Limited	Westdeutsche Landesbank Girozentrale

UK COMPANY NEWS

City remains unmoved by Ward's 43% rise

BY DOMINIQUE JACKSON

Ward Holdings, Chatham-based house builder, posted a 43 per cent rise in pre-tax profits in the year to end-October 1987 to £12.86m from £8.97m last time.

However, in the wake of Ward's doubling of profits in the 1985/1986 period, the rise failed to impress the market and the share price slipped 12p to close at 169p.

The pre-tax total was achieved on turnover increased to £43.33m (£36.99m). The final dividend was 1.9p, making a total dividend for the year of 2.4p (2.07p).

Earnings per share, adjusted in respect of the August 3-for-1 scrip issue, rose by 50 per cent to 15.9p from 10.6p.

Mr David Pead, finance director, said that housebuilding, the group's core activity, generating 87 per cent of pre-tax profits, had shown strong growth. He expected the stock market crash to have little discernible effect on the market.

Ward continued to reap the benefits of its entrenchment in Kent which has led the south-east housebuilding boom. This has been aided by the completion of the M25, the extension of the M20 and the prospect of the Channel Tunnel, he explained.

Mr Pead foresaw no problems either for the company's London operations, set up 15 months ago and now contributing marginally to group profits.

Ward has only minor interests in London's Docklands - considered the most volatile area - with most of its investment shared between 10 major sites strategically placed in and around central London. Substantial profits from the London operations should be visible by the first half of the current year, Mr Pead said.

Rising land prices obliged Ward to revise the terms of its overdraft and seek additional funds in November via a £40m syndicated loan and sundry mid-term facilities for another £5m.

Ward continued to expand its property investment portfolio which in the year to end-October 1987 contributed £936,000 to total profits (£781,000).

Mr Pead said management problems in Moulding Designs and Homecare Window Systems, manufacturing units, had now been redressed and White Seal Stairways contributed to profits for the first time.

comment

Egged on by recent spectacular rises such as last year's doubling of profits - investors were eagerly awaiting yet another breathtaking performance from Ward and a mere 43 per cent advance was bound to be something of an anti-climax. However, few other companies in the sector are as well-placed as Ward to weather the current storm of jitters over the post-crash property market.

The company is still sizing up a substantial land bank in post-M25 pre-Chunnel boom-time Kent and may have difficulty maintaining margins well above 25 per cent. Its London interests are soundly sited on the periphery and the property investment portfolio will be contributing a handsome few million to profits by next year.

For this year, £10m is in view giving a prospective p/e of just under 9 which, even given the Ward family's sizeable stake, seems on the low side.

Tace rises 33% and hopes to expand environmental side

BY ANDREW HILL

Tace, process, environmental and quality control company, announced pre-tax profits up from £2.82m to £3.76m for the year to end of September, a 33 per cent increase.

The pre-tax profits include a contribution from the whole of Goring Kerr, which is 52.5 per cent owned by Tace.

After the outside shareholders' interests and extraordinary losses on the closure of a subsidiary were stripped out, Tace's earnings per share last year still increased by 24 per cent to 26.29p (20.4p).

Tace's US subsidiary, Andersen Instruments, which manufactures air pollution monitoring equipment, will benefit from the anti-pollution regulations passed in July, although sales and profits were down in the latest period.

Mr Jock Mackenzie, chairman, said currency fluctuations in the opening months of the current year might affect business in the first half, but that this should be offset by Andersen's enhanced performance and a full year's contribution from new US subsidiaries Plastic Systems and Sampling Technology.



Jock Mackenzie: currency fluctuations should be offset

Group turnover reached a record £24.68m from £22.08m. A final dividend of 7p is recommended, making a net 10p (8.52p) for the year.

The group is interested in expanding the environmental and quality control sectors of its business through acquisitions and expects to benefit if European governments follow the lead given by the US on air pollution controls.

In the UK, the group expects News Radio Telephones, which manufactures telecommunication systems for the police and

Defence are also an important part of the group's activities. The directors are particularly pleased with sales of the Peerless Colour Monitor in Japan, the US, Europe and the UK. This year group turnover in Europe grew by about 59 per cent, North American sales by 16 per cent and UK sales by 11 per cent.

Turnover as a whole increased by 14 per cent from £7.6m to £8.7m and earnings per share were up by 29 per cent to 26.05p (20.13p). The directors are recommending a final dividend of 8.15p, making a net 13.5p (11.56p) for the year.

The company said adverse currency changes during the first months of the new financial year would effect interim results.

However, the order book was healthy and growing sales of the new products led the group to expect satisfactory results for the full year.

Mr Jock Mackenzie's Siamese twins, Goring Kerr and Tace, continue to depend on the US market: last year's figures benefited from a stable currency, this year there have been worries about the drop in the dollar. Tace says Goring Kerr is no longer the main source of group profits, although it still provides the highest margins and about half of the group's business. Most of the other half comes from Andersen, which should now emerge from the doldrums with its PM 10 pollution monitor, said SITI, apparently poised to exploit the analysis of gas from incinerating domestic waste. Both are based

Personal Computers doubled

A HIGHLY successful outcome to the year ended May 31 1988 is forecast by Mr M D Rolfe, chairman of Personal Computers, after the company more than doubled its mid-term profit.

Reporting for the six months to November 30 he said turnover expanded from £7.96m to £17.29m and taxable profits from £400,000 to £899,000.

With earnings at 11.36p (8.34p), he is lifting the interim dividend to 1.5p (1.2p).

Mr Rolfe said the performance was exceptional because of buoyant market conditions. In December and January sales showed continued growth, but indicated that the traditional bias towards the second half would be less pronounced. In

that period last year sales were £12m and profits £765,000.

Despite the competitive marking the order book was encouraging.

The company sells personal computers and ancillary services, and is quoted on the USM. Sales to corporate users formed an increasing part of the business, the chairman said.

Splash jumps to £0.25m and seeking £1.1m cash

Splash Products, USM quoted printer and distributor of T-shirts and fashion garments, lifted its turnover by 42 per cent to £3.6m and its pre-tax profits from £94,000 to £249,000 in the year ended October 31 1987.

Bank borrowings have increased due to the build-up of stocks of unprinted T-shirts and the acquisition of the group's new factory in Coventry.

Directors felt turnover suffered materially as some orders could not be fulfilled because of imported shirts, which were subject to delays. Stocks are at a record £2.6m, compared with £2.2m at end-October and with £1.2m the year before.

The directors expected another improvement in turnover over this year and said the first quarter was 49 per cent ahead.

Proceeds of the rights issue would also go towards the planned rock division and expanding printing facilities.

Wm Ransom rises 11% at halftime

Modest growth continued for William Ransom & Son in the six months to September 30 1987. It reported a 10.8 per cent increase in pre-tax profits to £266,000, up from £231,000 last time. The result was achieved on turnover up £71,000 to £2.6m.

The directors of Ransom, which manufactures pharmaceutical products and extracts material from plants, said that sales continued to expand with encouraging demand from the home market. But they added that the strong pound and the economic problems of certain countries had adversely affected export markets.

As a result of the company's efforts to contain costs, margins had been maintained and the directors expected the trend to continue over the next six months.

After an increased tax charge of £89,000 (£81,000), earnings per 10p share came out at 1.1p (adjusted 0.99p).

The interim dividend has been lifted to 0.44p (0.4p).

Scottish American Inv

The asset value of Scottish American Investment at the end of December was slightly higher than a year earlier despite October's stock market fall, according to Sir Hew Hamilton-Dalrymple, chairman.

Income for the year to December 31 rose 25 per cent to £8.82m. Earnings per share rose to 2.15p (1.78p) and a final dividend of 0.55p is proposed, making 2.99p (1.825p) for the year. The directors have forecast a dividend of 0.85p for the first quarter of 1988.

Hodgson's £500,000 buy

Hodgson Holdings, the largest funeral director quoted on the USM, yesterday bought two more funeral directors for a total of £515,000.

The company has now made 28 acquisitions since its flotation in June 1986.

Latest acquisitions are E. Butler & Sons, based in Hailsham, East Sussex, for £300,000 in cash and shares, and Richards Funeral Service, of Witham, Essex, for £215,000 cash.

Midway hiccup at Elbief

LATE ORDERING for Christmas trade caused a near 40 per cent reduction in pre-tax profit at Elbief. For the six months ended October 31 1987 it fell from £253,000 to £152,000 but the directors are expecting a pick-up in the current period.

Mr Samuel Prais, chairman, said sales of Elite collections of photographic frames, clocks and mirrors increased, with export growth being particularly strong.

COMPANY NEWS IN BRIEF

FLEMING AMERICAN INVESTMENT Trust had a net asset value of 129.7p per share at end-December 1987 compared with 165p a year earlier. A final dividend of 1.0625p (same adjusted for scrip issue in April) makes unchanged total of 1.3625p. Earnings per share were 1.25p (1.63p) after tax £803,562 (£621,560). Net revenue for the year fell to £385,731 (£1.11m).

KENMARE RESOURCES continues its transition from junior exploration company to international mining house despite announcing a loss of £130,000 (£27,000) for the six months to October 31 1987. Mr Charles Curvill, chairman, said the Dublin-based company had a strong cash position with £1.4m on deposit.

Goring Kerr up 19% to £2.5m

BY ANDREW HILL

Goring Kerr, maker of process control equipment, yesterday announced pre-tax profits up 19 per cent to £2.5m for the year to end-September, from £2.1m the previous year.

The company, which is 52.5 per cent owned by Tace, develops and manufactures products such as the Peerless Colour Monitor, for quality control in food production; metal detectors and computerised weighing systems.

Contracts for the Ministry of

Defence are also an important part of the group's activities. The directors are particularly pleased with sales of the Peerless Colour Monitor in Japan, the US, Europe and the UK. This year group turnover in Europe grew by about 59 per cent, North American sales by 16 per cent and UK sales by 11 per cent.

Turnover as a whole increased by 14 per cent from £7.6m to £8.7m and earnings per share were up by 29 per cent to 26.05p (20.13p). The directors are recommending a final dividend of 8.15p, making a net 13.5p (11.56p) for the year.

The company said adverse currency changes during the first months of the new financial year would effect interim results. However, the order book was healthy and growing sales of the new products led the group to expect satisfactory results for the full year.

Hillsdown Holdings plc

£300,000,000 Multiple Option Facility

Arranged by Kleinwort Benson Limited

Lead Managers

- The Hongkong and Shanghai Banking Corporation
- Canadian Imperial Bank of Commerce
- Lloyds Bank Plc
- The Mitsubishi Bank, Limited
- Barclays Bank PLC
- Kleinwort Benson Limited
- Midland Bank plc
- Standard Chartered Bank

Participants

- Algemene Bank Nederland N.V. - London Office
- The Bank of New York
- Bank of Scotland
- Credit Lyonnais, London Branch
- Den Danske Bank
- Istituto Bancario San Paolo di Torino, London Branch
- Rabobank Nederland, London Branch
- The Sumitomo Bank, Limited
- The Toyo Trust and Banking Company Limited
- BHF-Bank, LONDON BRANCH
- The Bank of Nova Scotia
- Bayerische Landesbank Girozentrale London Branch
- Credit Suisse
- The Fuji Bank, Limited
- The Mitsui Bank, Limited
- The Royal Bank of Canada
- The Tokai Bank, Limited

Additional Tender Panel Members

- Amsterdam-Rotterdam Bank N.V.
- Banca Nazionale del Lavoro, London Branch
- Banco di Napoli
- Banco di Roma London Branch
- Banque Indosuez
- Banque Nationale de Paris London Branch
- Cassa di Risparmio delle Provincie Lombarde - CARIPLO London Branch
- Chemical Bank
- Credito Italiano - London Branch
- The Chase Manhattan Bank, N.A.
- Hill Samuel & Co. Limited
- Morgan Guaranty Trust Company of New York
- CIC-Union Européenne, International et Cie (London Branch)
- The Dai-ichi Kangyo Bank, Limited
- The Saitama Bank, Ltd
- Mellon Bank
- Swiss Bank Corporation
- NM Rothschild & Sons Limited
- TSB England & Wales plc

Facility & Tender Panel Agent Kleinwort Benson Limited

February 1988

UNITED ARAB EMIRATES

The Financial Times proposes to publish a Survey on the above on MARCH 24TH

For a full editorial synopsis and advertisement details, please contact: HUGH SUTTON on 01-248-8000 ext 3238 or write to him at: Bracken House, 10 Cannon Street London EC4A 3BF.

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

TACE PLC

Preliminary Results for the year ended 30th September 1987

Process, Environment and Quality Controls

- Turnover at record levels
- Profit before tax up by 33% to £3,762,000
- Earnings per share up by 24% to 25.29 pence
- Dividends up by 17% to 10.0 pence per share
- New products and companies starting to contribute
- Continued investment in new markets and technologies

Annual Report from The Secretary, Tace plc, Essex Hall, Essex Street, London WC2R 3JD.

GORING KERR PLC

Results for the year to the 30th September 1987

World Leaders in Metal Detection

- Sales volume at all time record levels
- Profit before taxation up 19% to £2,501,000
- Earnings per share up 29% to 26.05p
- Dividends up by 17% to 13.5p per share
- Strong financial position further enhanced
- New product ranges starting to contribute

Annual Report from The Secretary, Goring Kerr plc, Ayle Road, Windsor, Berkshire SL1 5JN

SEEING THE UNSEEN

150 من الاجل

UK COMPANY NEWS

James Fisher chief delivers rebuff to Walter Runciman

BY DAVID WALLER

James Fisher & Sons yesterday delivered a rebuff to Walter Runciman, the shipping, insurance and security group which earlier this month doubled its stake in the Barrow-in-Furness shipping group to 11.14 per cent.

Fisher announced that shareholders with more than 50 per cent of the equity supported management's contention that the company should remain independent for the foreseeable future.

Mr William Eccles, chairman and chief executive, declined to say which shareholders had offered their support nor would he give details of the assurances. However, last year's annual report showed that Mr Eccles himself controls

36 per cent of the company's equity.

Fisher said it had held talks with Runciman to see whether there would be any synergy to be derived from a "linking in some form."

The board concluded that the activities of the two companies were so different that it was not in the interests of either shareholders or employees to continue the discussions.

When Runciman increased its stake on February 2, it said that it had no intention to make a bid for at least three months, in the absence of a material change in circumstances. Since then, it has bought a further 60,000 shares taking its holding from 10.9 to 11.14 per cent.

Britoil to advise holders after Treasury talks

BY STEVEN BUTLER

Britoil yesterday again urged its shareholders to take no action regarding the BP 500p-per-share offer, the first closing of which is today. BP already controls a 55.5 per cent majority of Britoil shares.

Britoil said it would advise shareholders on a recommended course of action following the outcome of discussions with the Treasury on the Government's use of its special share in Britoil, which gives it control of the company, and that advice would be forthcoming before the final expiry of the BP offer.

Both BP and Britoil are consulting with the Treasury and a decision is anticipated next week. The discussions are said to be proceeding well.

The Government is believed to be concerned about maintaining Britoil's Glasgow presence and the pace of exploration on Britoil's North Sea assets.

A meeting was held earlier this week between BP and Britoil, at BP's request, although it is not known what was discussed.

The Kuwait Investment Office yesterday said it had continued to buy BP shares, raising its stake in the company to 19.37 per cent, from the 19.24 per cent reported a day earlier.

Scandinavian £0.6m in the red

BY DAVID LASCELLES, BANKING EDITOR

Scandinavian Bank, London-based international bank which floated its unusual multi-currency shares on the Stock Exchange last year, reported a pre-tax loss of \$626,000 for its first year as a public company yesterday.

The loss resulted from a decision to make a further sharp increase in provisions against doubtful Third World loans, from the equivalent of 30 per cent at the interim stage to 40 per cent at year-end. The bank's large investment management operations were also hurt by last October's market crash.

The group's profits before tax and exceptional items, were £26.6m, eighty eight ahead of £26.4m in 1986. In the first half of the year, Scandinavian made £14.1m of provisions against Third World loans, but decided to add a further £13.1m in the second half, pushing the final result into the red.

In so doing, Scandinavian has exceeded the provisioning levels suggested by the Bank of England's "matrix" which is supposed to act as a guide to banks. Last week, Mr Robin Leigh-Pemberton, the Bank's

Governor, advised banks to try to adhere to the matrix.

Mr Garrett Bouton, Scandinavian's chief executive, said yesterday that he had told the Bank of his intentions and had received no objections. He said that Scandinavian did not see itself as a long-term participant in efforts to resolve the Third World debt problem, and had therefore made the provisions in preparation for a gradual reduction in its exposure. This would be achieved through debt-for-equity swaps, loan trading and outright sales of loans for cash.

Of Scandinavian's four core businesses, banking contributed £30.7m to total income of £95.3m. This was down from £37.9m, partly because of the devaluing of the dollar, and £3.5m of lost income resulting from the payment moratorium by Brazil and Ecuador. The treasury operation earned £35.3m, up from £24.7m in 1986. Investment management, concentrated in the Geneva-based subsidiary Banque Scandinave en Suisse, earned £20.3m, up from £17m. However the sum of funds under management fell from \$Fr5.5bn to \$Fr5.3bn, as a result of the market crash.

The group's other operations, including the newly constituted Private Capital Group which supplies personal financial services, earned £9m, up from £1.7m last year.

After taxation and deduction of minority interests, the total group loss attributable to shareholders amounted to £7.4m, compared to a profit of £15.4m in 1986. A final dividend of 5.3p is being proposed, making a total for the year of 8p, up from 6p in 1986.

Mr Bouton said that the group's banking activities would now focus more on merchant banking, and profitable source of lending and fee income. The capital markets side will open a new trading operation in New York, and a team to engage in asset swapping may be constituted.

Mr Egil Gade Grove, the chairman, warned, however, that if present volatile conditions persist, Scandinavian Bank is unlikely to match its 1987 results of £26m this year.

in obtaining a listing for its novel multi-currency shares could hardly, in retrospect, have proved more badly timed. Two of the group's three main operations, banking and investment management, ran smack into last year's big crises: Third World debt and the market collapse. And the fledgling businesses were too small to make much difference. But last year was also a debt-clearing exercise. The sharp increase in provisions will enable Scandinavian to start winding down its Third World exposure and concentrate on more worthwhile pursuits in the merchant banking and capital markets area.

The positive side of the results has not impressed the markets, however, where Scandinavian shares lost 10p to 135p yesterday, leaving them way below the listing price of 210p. This puts them on a historic yield of more than 8 per cent, with a p/e ratio of 5.2. While even the chairman is unencouraging about the outlook, that standing may prove excessively low for a group that remains soundly managed and has exceeded even the Bank of England's advice to clean up its loan portfolio.

● comment
Scandinavian's gallant effort

Mining & Allied £2.12m rights to fund purchase

BY ANDREW HILL

Mining & Allied Supplies, mechanical handling engineer and equipment distributor, yesterday announced a seven per cent rights issue to fund the £2.12m (£1.25m) acquisition of Thunder Bay Bearings, supplier of equipment to Canadian mines and paper mills.

The issue, at 17p a share against yesterday's closing price of 35p, will raise £2.12m and has been fully underwritten.

The cash will also be used to consolidate the company's financial position and reduce bank borrowings.

Under its old name of Westwood Daves, Mining & Allied last year took over Hugh J O'Neill, distributor of mining and paper processing equipment in eastern Ontario, for £1.15m.

Thunder Bay's seven branches in western Ontario should complement this presence and will bring the number of Mining & Allied branches in the state to 15.

NHLC acceptances

Shareholders and loan stock holders in National Home Loans Corporation have taken up 62.7 per cent of their entitlement to new convertible preference shares offered last month to raise £97m. The balance will be taken up by the places pro rata to their underwriting commitments.

Blue Circle raises Birmid stake to 43%

By Philip Coggan

Blue Circle, the cement group, now owns 42.8 per cent of Birmid Qualcast, the home products company, with just one day to go before the close of its £275m takeover bid.

It acquired another 463,000 shares, increasing its stake to 30.19m shares, excluding acceptances for its offer.

Meanwhile, the companies clashed again over graphs produced in recent documents. The dispute centres around the effect on target company share prices following the failure of recent takeover bids.

Blue Circle cut the graphs off two months after the bids lapsed - at which point the prices had dropped; Birmid Qualcast carried the graphs on to the present day - at which point the prices had risen.

However, Blue Circle was forced to admit that one graph - showing the effect of the Associated British Foods bid on the share price of S. W. Berksford - had been drawn inaccurately.

MATTHEW HALL, subsidiary, Keynes Inpark of the Netherlands, has acquired Fugro Geodesic and Netherland Hydrographic Services, specialists in aerial and underwater mapping, for £1.1m (£300,000) cash.

B&F bows out as Dixons ups Wigfalls stake

By Nikki Tait

Bennett & Fountain, the acquisitive electrical goods retailer and wholesaler, yesterday formally lapsed its paper-only offer for Sheffield-based Wigfalls after rival bidder Dixons posted its offer document.

B&F had already indicated that it would withdraw once the Dixons offer document was out. The lapsing of the B&F offer will release shareholders speaking for one-quarter of Wigfalls' votes from irrevocable undertakings to accept the B&F terms.

Yesterday, however, the addition to the Dixons stake was relatively modest. In late afternoon, the company announced that it had acquired a further 260,000 ordinary shares and 170,000 convertible preference shares - raising its total voting interest from about 38 per cent to 43.7 per cent.

Mercantile's two purchases

Mercantile Credit Group has announced the acquisition of Town & Country Car Rentals from Henlys and Ford & Sister Group from UAC, a Unilever subsidiary.

Town & Country was acquired through Mercantile subsidiary Gny Salmon Car Rentals, a self-drive and chauffeur-drive operator. It will increase Gny Salmon's car rental fleet to 4,500 cars, its network to nearly 40 branches and boost its turnover to almost £30m.

Meanwhile, Mercantile proposes to operate F&S as a separate business within its automotive division. Leicester-based F&S is primarily engaged in contract hire and distribution of Leyland-Daf and Mercedes-Benz commercial vehicles. It has total assets of about £15m and sales in 1987 came to about £65m.

Wilshaw cuts Powdrex offer

Wilshaw Securities, which regained its stock market listing last autumn after a four-year suspension, has reduced the terms of its offer for Powdrex, the steel powder supplier.

This follows a decision by one of Powdrex's customers, said to have been taken for economic reasons, to reduce substantially its purchases of Powdrex powder. The new recommended offer, is two Wilshaw shares for every Powdrex share, valuing the target company at around £650,000, with a cash alternative worth £550,000.

RCO grows 32%

RCO Holdings, cleaning services concern, increased first quarter turnover by 27 per cent and pre-tax profits by 32 per cent, the annual meeting was told.

Benefit came from the start of large contracts where set-up costs fell into last year. Figures for the full year should substantially exceed 1986-87.

Dee renews assault on B&D's 'flawed' offer

BY NIKKI TAIT

WITH ONLY a week to go in the £2bn cash-and-share bid by Barker & Dobson for the substantially larger Dee Corporation, the target company yesterday sent out a further letter to shareholders, claiming that the offer is inadequate and that the predator's strategy is "flawed".

Dee argues that the cash element of the offer - which works out at just over 140p a share - represents a forecast p/e exit multiple of only 0.4 times and that the paper element is of "uncertain value".

Dee's bases its latter conclusion on the implications of the bid's financing structure. "Given the onerous levels of debt and the strangling effect of the loan covenants, the new week ago, close to their pre-bid B&D shares are of very dubious and uncertain value," argues Dee. "The financing has far wider implications for the value of the enlarged B&D. The loan agreement constrains the retailing plans and forces B&D into its flawed strategy."

In addition, Dee argues that its existing businesses "offer significant potential for profitable organic growth" and that the company is "emerging for a period of transition and consolidation."

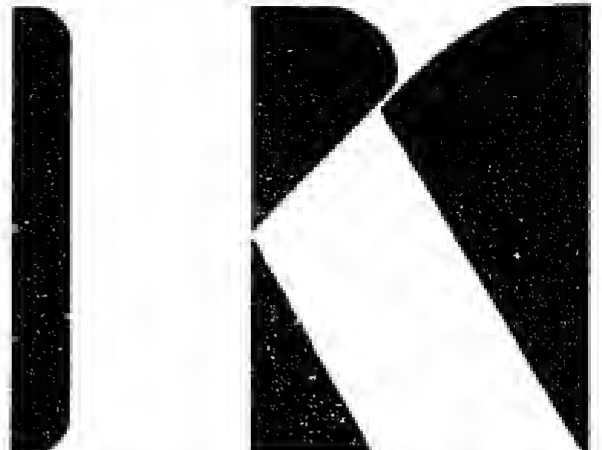
Yesterday, however, shares in Dee rose by a further 3p to 187p, while Barker & Dobson gained 3p to 143p. Dee shares - having risen to around 230p in the early days of the offer - had fallen back to under 180p a week ago, close to their pre-bid level.

TOWARDS THE CAR OF THE FUTURE

The Financial Times proposes to publish this survey on:
24th March 1988

For a full editorial synopsis and details of available advertisement positions, please contact:
Colin Davies
on 01-236 1434
or write to him at:
Bracken House
10 Cannon Street
London
EC4P 4BY

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER



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TELEX: 244540 FP PNY G FAX: 01-491 7841
01-499 8931

Notice to the holders of

Matsuyadenki Co., Ltd.

Warrants to subscribe for Shares of Common Stock of Matsuyadenki Co., Ltd. (the "Warrants") issued in conjunction with an issue of U.S. \$25,000,000 2 1/4 pct Guaranteed Bonds due 1991

Pursuant to Clauses 3 and 4 of the Instrument dated 3rd September, 1986 relating to the above-mentioned Warrants, notice is hereby given as follows:

- On 1st February, 1988, the Board of Directors of Matsuyadenki Co., Ltd. (the "Company") resolved to make an issue of new Shares of Common Stock of the Company by way of a free distribution to Shareholders of record as of 20th March, 1988 (Japan time) at the rate of 0.1 new share per one share held.
- As a result of such issue, the Subscription Price relating to the Warrants will be adjusted in accordance with Condition 7 of the Terms and Conditions of the Warrants, effective as of 21st March, 1988, Japan time. The Subscription Price in effect prior to such adjustment is Yen 1,282 per share and the adjusted Subscription Price will be Yen 1,165.50 per share.

Matsuyadenki Co., Ltd.
By: The Sumitomo Trust and Banking Co., Ltd.
as Principal Paying Agent

Dated: 12th February, 1988

Tokyo Capital Markets

The Financial Times proposes to publish this survey on:
Monday, March 14th

For a full editorial synopsis and details of available advertisement positions, please contact:
Mrs Tatsuko Dawes
on 01-248 8000 ext 3260
or write to her at:
Bracken House
10 Cannon Street
London
EC4P 4BY


FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

COMMERZBANK OVERSEAS FINANCE N.V.

U.S.\$ 200,000,000
Floating Rate Notes Due 1993

In accordance with the provisions of the Notes notice is hereby given that for the six months period from February 11, 1988 to August 11, 1988 the Notes will carry an interest rate of 9 3/4% per annum with a coupon amount of U.S.\$ 344.41 on U.S.\$ 10,000,- and U.S.\$ 8,010.24 on U.S.\$ 250,000,-.

Frankfurt/Main, February 1988
COMMERZBANK
AG/INVESTMENT BANK



Change of name to

WEMBLEY PLC

from

THE GRA GROUP PLC

Resulting from the acquisition by GRA of Wembley Investments (London) Limited.

The undersigned initiated the transaction and acted as financial adviser to The GRA Group.

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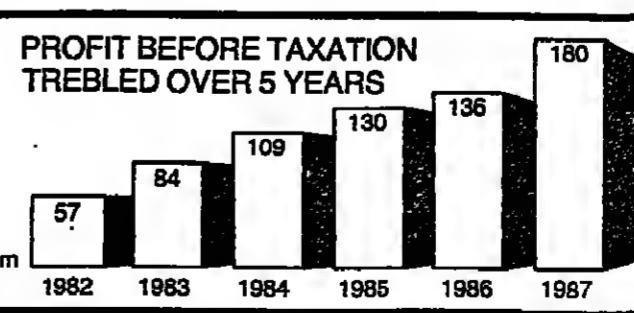
A MEMBER OF THE CREDIT LYONNAIS GROUP

Trusthouse Forte PLC

ANOTHER RECORD YEAR

Results			
Year to 31st October, 1987			
	1987	1986	% INCREASE
Sales	£m 1,778	£m 1,477	20
Profit before tax	180	136	33
Earnings per share (net)	16.3p	12.4p	31
Dividends per share	7.1p	6.0p	18
Net assets per share	£2.02	£1.41	43

The increase in profits reflects strong growth resulting both from the development of our existing operations and the addition of new business outlets. Trading in the current year is very strong and we look forward to another good improvement in profit during the coming year.



PROFIT BEFORE TAXATION
TREBLED OVER 5 YEARS

£m 57 84 109 130 136 180

1982 1983 1984 1985 1986 1987

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Trusthouse Forte

COMMODITIES AND AGRICULTURE

SIB takes soft line on Brent market regulation

BY STEVEN BUTLER

OIL TRADERS on the Brent market are to be exempted from most of the rules designed to ensure compliance with the Financial Services Act.

The Securities and Investments Board said yesterday that its decision regarding "significant new departures" in its approach to regulation. The market would be able to operate under a relatively light regulatory regime so long as it remained exclusively professional, without participation by individual investors.

The board is responsible for ensuring compliance with the Act, which takes effect in April. Its announcement came as a relief to the oil trading community, which had been growing anxious about the effect of the measure on its activities.

Oil traders have until February 27 to seek authorisation under the Act by joining a recognised self-regulatory organisation. Failure to do so would mean that in most cases their further participation in the market would be barred by law. Oil trading is at present unregulated.

The traders had initially believed that they would fall outside the scope of the Act, since they dealt in forward contracts for the delivery of oil rather than in securities. However, the board decided that the nature of the trading on the mar-

ket was covered by the Act's broad definitions of investment activity.

The Brent market is widely used for hedging and speculation, with 15 to 20 contracts written for each of the 43 oil cargoes of 600,000 barrels delivered monthly through the Sullom Voe Terminal in the Shetland Islands.

Although it plans to exempt traders from most rules, the board has proposed a code of conduct that would govern trading and has warned that the proposed regime could be changed should it prove inadequate or unjustified.

The code differs critically from rules that would apply in other markets in that traders would not be able to seek damages from trading partners who violated the code.

Such violation, however, could lead to traders losing the authorisation to trade which will be required by nearly all market participants. The SIB is recommending that participants seek authorisation by joining the Association of Futures Brokers and Dealers.

Imposition of financial requirements on traders is not expected. The SIB recognises that such a move could sharply affect the business costs and could drive some traders from the market.

The board justified the proposed regulatory framework by

pointing to the lack of non-professional players, the high value of individual transactions (now \$5m to \$5m per contract) and the strong caveat emptor ethos in the market, where traders take precautions to ensure that trading partners can meet contract obligations.

For the big players in the market experienced in 1986, when a sharp fall in oil prices led to a series of defaults. The SIB's proposed code of conduct indicates that it expects traders not to over-extend themselves, abuse market procedure, or attempt to manipulate the market, although the SIB does not define carefully

That said, the SIB has gone to rather extraordinary lengths to accommodate the unregulated, and unorganised style of doing business that oil traders have developed.

The only real surprise is that the SIB is discouraging applications for "permitted persons".

If traders fail to obtain "permitted" or "authorised" status - a third category of "exempt" status is not generally relevant - they must cease UK business. Otherwise, trading would become illegal and contracts unenforceable. Moving offshore could be an alternative to seeking authorisation, although it would require all deals to be brokered through a trader offshore who has authorised status.

Joining the association is principally a process of disclosure - filling in a pile of forms - and that runs counter to the ethos of many in the business.

Because they would have to disclose their cash-holding system which, in demanding advance payments to explore, diverts exploration budget money to the Government.

More generally, the industry is unhappy with the new fringe benefits tax, which adds to their business costs, and the rise in corporate tax last year, from 46 per cent to 49 per cent.

In spite of these complaints, the Government continues to rule out further incentives to encourage exploration.

Indeed, the trend is expected to show an improvement in 1988, but this is mainly because last year's low was a response to the plunge in oil prices.

Whether it signifies a reversal in the underlying trend is another matter. In the wake of the share market crash, companies are finding it more difficult to raise cash.

More importantly, the crucial fact is that no major discovery has been made in Australia's offshore oil fields since the Bass Strait near Victoria in 1978.

There are high hopes for smaller finds, notably in a 2,000-mile band of the Timor Sea. But short of a major discovery, even a vastly accelerated exploration effort is not expected to compensate for Australia's decline.

Brazil's freelance prospectors boost tin production

BY OUR SAO PAULO CORRESPONDENT

BRAZIL EXPECTS to produce a record amount of tin this year, thanks mainly to an army of about 8,000 freelance prospectors working deposits in the Amazon.

The Brazilian Tin Mining Association says total national output could reach 34,000 tonnes this year, which would make Brazil the largest tin producer outside the Communist Bloc. Over 70 per cent of the output will be shipped for export.

Brazil's rising production will probably irritate members of the Association of Tin Producing Countries. Although Brazil is not a member it promised the association last year that it would try to run down stockpiles by holding production down to 25,000 tonnes and exports at 26,500 tonnes.

The problem is that the Government is unable to control the freelance independent prospectors, most of whom operate in the state of Rondonia where prospecting is illegal. Federal officials are reportedly unaware of the precise number of prospectors working there or how much ore they are producing. Unofficial figures put their output as high as 14,000 tonnes a year.

The ATPC and Brazil have agreed informally to raise Brazil's export ceiling by 5,500 tonnes to 26,500 tonnes to take account of the prospectors' rising production. That allowance now seems insufficient.

Brazilian mining officials and tin companies have not reached a settlement on individual company export quotas. In the meantime, they are continuing to buy ore from the prospectors to refine and export it.

'Optimism' on US sugar import plan

BY RICHARD GOURLAY IN MANILA

THE US Department of Agriculture is to issue guidelines on a scheme to import 400,000 tonnes of raw sugar from the Philippines and Caribbean countries in spite of major legal obstacles over how to finance the subsidies that are involved, Mr Richard Lyng the US Secretary of Agriculture said yesterday.

The guidelines will be available in two weeks so that if the legal objections are overcome the programme can be completed before the US fiscal year ends in September, Mr Lyng said.

Some Philippine Congressmen have accused Washington of dragging its feet over what is in effect a special increase in the sugar import quota that the US Congress approved in 1981 but which has not yet been implemented. Mr Lyng said that the US will be meeting with the Philippines to discuss the matter before Christmas.

Under the sugar re-export scheme, US refiners will import some 200,000 tonnes of raw sugar from Caribbean nations and 110,000 tonnes from the Philippines at between 18 and 21 cents a pound. They will then re-export the sugar in refined form at world market prices.

The Bill anticipated that the difference between what the US refiners receive on the world market and the higher price they paid to import the sugar will be met from US Commodity Credit Corporation funds.

However, the department has run into legal problems as these funds are supposed to be for domestic farm subsidies.

"It is still uncertain whether we can use that programme," Mr Lyng said, adding that the Bill had been passed in haste.

Opponents of the Bill say subsidising foreign farmers will set a bad precedent while depart-

Australia wrestles with oil production decline

BY CHRIS SHERWELL IN SYDNEY

AFTER YEARS of argument, Australia's petroleum industry last month entered a new era of controls which, with luck, will help to blunt a clear trend to the balance of payments by countering a decline in oil self-sufficiency.

Whether the strategy, as implemented, will achieve its objectives remains an open question. The Labor Government hopes so, the industry is doubtful. But no one disputes that the old ways are past.

The Government's major reforms, implemented over recent weeks, have relaxed the regulations controlling foreign participation in oil and gas development, revised the way domestically-produced oil is priced and significantly altered the taxation regime.

Behind the changes lie some harsh facts. For a start, Australia's dependence on petroleum as a primary energy source is around 95 per cent, or more than one-third of that going on road transport alone.

Secondly, demand for oil is rising, from around 560,000 barrels a day in 1985 to a projected 680,000 b/d or more in the early 1990s. Yet domestic crude oil production from known and currently-producing fields is expected to fall from 445,000 b/d in 1985 to a projected 280,000 b/d in four years' time.

Government estimates of production from as yet undiscovered fields range from a probable low of 40,000 b/d to a possible high of 130,000 b/d.

According to the Australian Petroleum Exploration Association, which represents explorers and producers, that estimate is based on a "crude oil gap" of 320,000-360,000 b/d by 1992-93 - or net imports of more than \$43bn (\$1.2bn) at 1987 prices.

This is a dramatic contrast with the admittedly exceptional year of 1986, when Australia was a net exporter. For a country suffering one of the largest current account and external debt burdens in the OECD group, it is an uncomfortable equation.

The payments imbalance will be only partly redressed through future exports of liquefied natural gas, of which Australia has prodigious quantities, or, for that matter, by increases in other high-performing commodity exports like wool.

Equally, the energy gap can only partly be plugged through increased foreign investment, and greater efficiency in oil use and substitution of coal, LNG and other fuels.

The discovery of more oil at home is therefore seen as essential in the short-term. That means encouraging a sustained improvement in the pace of exploration.

Between 1970 and 1985, discovery averaged 70m barrels a year. In 1986 that dropped to 40m as exploration expenditure halved after the oil price collapse, and last year it fell further, to 20m.

Of all the Government's

reforms, the most important, in international terms, came last month, when it announced a new investment guideline that permits Australian equity requirement for oil and gas developments worth more than \$10m.

The change, the first to involve Australia's resources since 1973, is expected to provide a direct boost for an oil exploration effort which is currently valued at only \$600m.

More radically, the Government has altered the way domestic oil is priced and marketed. On January 1 it ended the crude oil allocation scheme, under which refiners had to absorb specified quantities of Australian crude, and the import parity pricing scheme, which fixed the price of locally produced oil by the US dollar a barrel to make it equivalent to Middle East oil plus charges for freight, insurance and a quality differential.

The changes have removed the security of a market at a government-calculated price which was above free-market levels. This is expected to attract foreign investment to find a market for their output (refiners have given them some assurances).

Big explorers and producers like BHP and Exxon, on the one hand, are bappy to be able to market their output freely. And foreign companies previously deterred by the marketing restrictions should feel more disposed to explore in Australia.

In spite of these improvements, however, the industry argues that Australia, being a high-cost area with low prospects, still needs stronger exploration incentives. Unsurprisingly, for an industry which is the most highly-taxed in the country, its main concern is secondary taxation.

Particular criticism is directed at the new resources rent tax, another major change

LONDON MARKETS

NICKEL		COCOA 5/tonne		SUGAR 5/tonne		GAS OIL 5/tonne	
Mar	Apr	Mar	Apr	Mar	Apr	Mar	Apr
1054	1045	1057	1045	1024	1020	136.00	136.00
1078	1088	1080	1070	1020	1020	137.75	137.75
1096	1098	1100	1090	1020	1020	137.75	137.75
1110	1110	1110	1100	1020	1020	137.75	137.75
1142	1132	1143	1132	1020	1020	137.75	137.75
1167	1158	1167	1158	1020	1020	137.75	137.75
1189	1178	1189	1178	1020	1020	137.75	137.75

LONDON METAL EXCHANGE

ALUMINIUM 99.7% purity (2 per tonne)		COPPER GRADE A (2 per tonne)		ZINC (2 per tonne)	
Mar	Apr	Mar	Apr	Mar	Apr
2110.30	2080.10	1198.20	1174.40	370.10	367.40
1965.75	1925.25	1088.45	1068.45	346.55	344.55
1965.75	1925.25	1088.45	1068.45	346.55	344.55

US MARKETS

GOLD EASED SLIGHTLY		CRUDE OIL (Light 42,000 US gals/spot)		SILVER 5,000 Troy oz	
Mar	Apr	Mar	Apr	Mar	Apr
328.00	327.00	17.00	17.00	440.00	440.00
328.00	327.00	17.00	17.00	440.00	440.00

Chicago

SOYBEANS 6,000 bu min; cents/60bu bushel		WHEAT 5,000 bu min; cents/60bu bushel	
Mar	Apr	Mar	Apr
621/4	612/4	182 1/2	175 1/2
621/4	612/4	182 1/2	175 1/2

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Trade figures hold the key

THE DOLLAR was comfortably cocooned for most of yesterday as short term investors stayed away from currency markets. With the spread on estimates for December's US trade figures likely to be almost as much as the figure itself, it was hardly surprising that participation yesterday was minimal.

With the weight of market interest firmly fixed on today's US trade figures, it was hardly surprising that sterling did not get much of a look in. In fact the pound held up surprisingly well, given the feeling that a rise in the dollar would probably switch the speculative's predatory eye sterling's way.

For the time being the UK Government seems less than inclined to allow sterling to take the strain of an inflationary rise in unit labour costs. However British management may well test the Government's resolve in preference to cutting back on production.

STERLING-Trading range against the dollar in 1987/88 is 1.8785 to 1.8710. January average is 1.8001. Exchange rate index 74.3, unchanged from the opening and down from 74.4 on Wednesday.

EMERGENCY EUROPEAN CURRENCY UNIT RATES
Belgium Franc 42.682 43.122 +0.10 -0.01 41.534
Dutch Guilder 20.361 20.361 0.00 0.00 19.800
French Franc 65.493 65.493 0.00 0.00 64.000

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR
Feb.11 1.7500-1.7500 1.7500-1.7500 0.35-0.30pc 2.15 1.17-1.12pc 2.60
1 month 1.7500-1.7500 1.7500-1.7500 0.17-0.12pc 1.11 0.73-0.63pc 1.73
3 months 1.7500-1.7500 1.7500-1.7500 0.41-0.38pc 2.31 1.23-1.20pc 2.54

CURRENCY MOVEMENTS
Feb.11 Sterling 74.3 -1.2
US Dollar 94.8 -1.0
Canadian Dollar 116.7 -1.0
Australian Dollar 116.7 -1.0
New Zealand Dollar 116.7 -1.0

OTHER CURRENCIES
Argentina 10,146.10-2,405 5,770-5,800
Australia 2,469.2-4,490 1,620-1,950
Brazil 1,715.0-2,225 1,800-1,900

EXCHANGE CROSS RATES
Feb.11 £ 1 1.759 2.973 2.974 18.0h 8.40 3.33 2.92 2.27 14.13
DM 0.554 0.92 1.310 1.305 1.304 0.821 1.223 1.213 0.749 20.90
YEN 4.002 7.749 13.10 12.60 14.32 10.73 14.07 14.04 9.81 27.83

FT LONDON INTERBANK FINANCING
3 months US dollars
Feb.11 6 1/2 6 3/4 6 1/2 6 3/4 6 1/2 6 3/4

MONEY RATES
NEW YORK
Treasury Bills and Bonds
One month 5 1/2 5 3/4 5 1/2 5 3/4
Three month 5 3/4 5 1/2 5 3/4 5 1/2

LONDON MONEY RATES
Feb.11 Interbank Offer 1 1/2 1 1/2 1 1/2 1 1/2 1 1/2 1 1/2
London Bank Offer 1 1/2 1 1/2 1 1/2 1 1/2 1 1/2 1 1/2

UK clearing bank base lending rate 9 per cent from February 2 November 5

back on previous projections, this was hardly a revelation. However the market decided to err on the side of caution and three-month interbank money rose to 9 1/2-9 3/4 p.c. from 9 1/4-9 1/2 p.c. while the one year rate was higher at 9 3/4-9 1/2 p.c.

FINANCIAL FUTURES

Gilts and US bonds lower

A LATE straw poll, using many leading analysts, suggested that today's release of US trade figures for December would provide a larger deficit than previously expected. Conceding that disappointment is relative, Mr Nick Parsons of Union Discount, volunteered that recent evidence, as shown by a rise in retail sales and wholesale inventories, pointed towards a buoyant consumer spending. On this basis US imports were likely to be strong enough to give a poor December trade figure.

US bond futures were certainly less than impressed with a 0.5 rise in January retail sales, compared with estimates of a flat figure. Even taking into account the historically erratic nature of the figure, there was no escaping the upward revision both in December and November data.

Against this background, the March Treasury bond price was weaker than the market found out the size of the deficit. The March long gilt price opened at 119.13, up from 119.06 and touched a high of 119.15 before finishing at 119.23.

Table with columns: Liffe Long Gilt Futures Options, Liffe US Treasury Bond Futures Options, Liffe FT-SE 100 Index Futures Options. Includes price, bid, ask, and volume data.

Table with columns: Liffe US Treasury Bill Futures Options, Liffe Eurodollar Futures Options. Includes price, bid, ask, and volume data.

Table with columns: Liffe US Treasury Note Futures Options, Liffe Eurodollar Futures Options. Includes price, bid, ask, and volume data.

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Table with columns: Liffe US Treasury Note Futures Options, Liffe Eurodollar Futures Options. Includes price, bid, ask, and volume data.

Company Notices

Banco de Bilbao advertisement including capitalization share issue details, board of directors, and subscription information.

Notice to Warrant Holders of Gunze Limited regarding subscription to 5,060,000 shares of common stock.

North American Commercial Property advertisement for a survey on Friday April 15, 1988.

WORLD VALUE OF THE DOLLAR

Large table showing the value of the dollar in various currencies, including US Dollar, British Pound, Japanese Yen, and many others.

EUROPEAN OPTIONS EXCHANGE

Table of European Options Exchange data with columns for Series, Vol, Last, and various dates (Feb 88, May 88, Aug 88, Oct 88).

BASE LENDING RATES

Table of Base Lending Rates for various banks and currencies, including columns for bank names and interest rates.

AUTHORISED UNIT TRUSTS

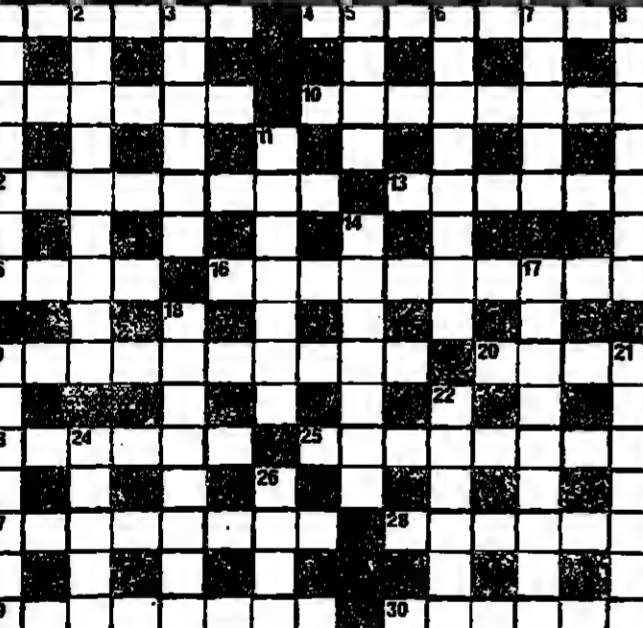
Large table of Authorized Unit Trusts listing various trusts, their managers, and performance metrics.

FT UNIT TRUST INFORMATION SERVICE

Large table of FT Unit Trust Information Service data, listing numerous unit trusts and their details.

The London Motor Conference - Manufacturing, Components and the Aftermarket. London - 15 February, 1988.

FT CROSSWORD No.6,554



- Across: 1, 9 Rational composer without hesitation precedes people... 2, 10 Composer keeping in top class... 3, 4 Goody! Sound like composers Bert and Marni... 4, 10 Composer returning part, unaccompanied... 5, 10 Light what sounds dark after one note... 6, 16 Sometimes python has spot... 7, 10 Deaf aid 'as middle, bottom and diminutive ending... 8, 10 Composer, not second rate, is slow on purpose... 9, 20, 26 Down Problem fellow with publicity for a revolutionary... 10, 23 Composer losing a little weight, home bird... 11, 25 Having a harsh voice, composer put in a bit of glycerine... 12, 27 Grieg's company set Virgil's poems... 13, 28 Sounds like a composer one can get hold of... 14, 29 Composer cut short before journalists is removed from vehicle... 15, 30 Genet (sat, composer's father)... Down: 1, 1 am sailor in signal for painter... 2, 1 clean up in exposure of local government... 3, 2 Twist round abdominal organ...

Handwritten Arabic text at the bottom of the page.

FT UNIT TRUST INFORMATION SERVICE

Unit Trusts

Main table containing unit trust information with columns for fund name, provider, and performance metrics.

INSURANCES

Table listing insurance companies and their respective unit trusts.

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

Table of FT Unit Trust Information Service, listing various unit trusts such as The Franklyn Fund, Northern Investment SA, and others, with columns for Name, Manager, and other details.

BRITISH FUNDS - Contd

Table of British Funds, including sub-sections for 'Starts' (Lives up to Five Years), 'Five to Fifteen Years', 'Over Fifteen Years', 'CORPORATION LOANS', 'COMMONWEALTH & AFRICAN LOANS', and 'LOANS'. Includes columns for Name, Price, Yield, and other metrics.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails, listing various international investment options with columns for Name, Price, Yield, and other details.

Money Market Trust Funds

Table of Money Market Trust Funds, listing various short-term investment vehicles with columns for Name, Price, Yield, and other details.

Money Market Bank Accounts

Table of Money Market Bank Accounts, listing various banking services and interest rates with columns for Name, Price, Yield, and other details.

LONDON SHARE SERVICE

AMERICANS - Contd

Table listing American companies such as Alcoa, Amstar, and Amstar Chemical, with columns for share price and change.

CANADIANS

Table listing Canadian companies such as Alcan, Alcan Aluminum, and Alcan Chemical, with columns for share price and change.

BANKS, HP & LEASING

Table listing financial institutions and leasing companies such as Bank of Montreal, Bank of America, and Bank of New York.

BEERS, WINES & SPIRITS

Table listing beverage companies such as Anheuser-Busch, Carlsberg, and Heineken.

BUILDING, TIMBER, ROADS

Table listing construction and infrastructure companies such as Bechtel, Fluor Daniel, and Parsons Brinckerhoff.

BUILDING, TIMBER, ROADS - Contd

Continuation of Building, Timber, Roads companies.

CHEMICALS, PLASTICS

Table listing chemical and plastic companies such as Alkermes, Alkermes Chemical, and Alkermes Plastics.

DRAPERY AND STORES

Table listing drapery and retail companies such as J. J. Brindley, J. J. Brindley & Sons, and J. J. Brindley & Sons.

DRAPERY AND STORES - Contd

Continuation of Drapery and Stores companies.

BUILDING, TIMBER, ROADS

Continuation of Building, Timber, Roads companies.

DRAPERY AND STORES - Contd

Continuation of Drapery and Stores companies.

ELECTRICALS

Table listing electrical companies such as Alstom, Alstom Electrical, and Alstom Electrical.

DRAPERY AND STORES

Continuation of Drapery and Stores companies.

DRAPERY AND STORES - Contd

Continuation of Drapery and Stores companies.

BUILDING, TIMBER, ROADS

Continuation of Building, Timber, Roads companies.

ENGINEERING - Contd

Continuation of Engineering companies.

ELECTRICALS

Continuation of Electrical companies.

DRAPERY AND STORES

Continuation of Drapery and Stores companies.

DRAPERY AND STORES - Contd

Continuation of Drapery and Stores companies.

BUILDING, TIMBER, ROADS

Continuation of Building, Timber, Roads companies.

INDUSTRIALS (Misc.) - Contd

Continuation of Industrial (Misc.) companies.

INDUSTRIALS (Misc.) - Contd

Continuation of Industrial (Misc.) companies.

INDUSTRIALS (Misc.) - Contd

Continuation of Industrial (Misc.) companies.

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INDUSTRIALS (Misc.) - Contd

Continuation of Industrial (Misc.) companies.

INDUSTRIALS (Misc.) - Contd

Continuation of Industrial (Misc.) companies.

INDUSTRIALS (Misc.) - Contd

Continuation of Industrial (Misc.) companies.

FOOD, GROCERIES, ETC

Table listing food and grocery companies such as Borden, Borden Food, and Borden Food.

HOTELS AND CATERERS

Table listing hotel and catering companies such as Intercontinental, Intercontinental Hotels, and Intercontinental Hotels.

INDUSTRIALS (Misc.) - Contd

Continuation of Industrial (Misc.) companies.

INSURANCES

Table listing insurance companies such as Axa, Axa Insurance, and Axa Insurance.

Handwritten Arabic text at the bottom of the page.

LONDON SHARE SERVICE

Handwritten scribble at the top center of the page.

INSURANCES - Contd

Table listing insurance companies and their share prices, including Royal Indemnity, Commercial Union Assurance, and others.

LEISURE

Table listing leisure-related companies such as British Skyways, British Caledonian, and others.

PAPER, PRINTING, ADVERTISING - Contd

Table listing companies in the paper, printing, and advertising sectors, including News International and others.

PROPERTY

Table listing property-related companies and their share prices.

TEXTILES - Contd

Table listing textile companies and their share prices.

TOBACCO

Table listing tobacco companies and their share prices.

TRUSTS, FINANCE, LAND

Table listing trusts, finance, and land-related companies.

TRUSTS, FINANCE, LAND - Contd

Continuation of the trusts, finance, and land table.

OIL AND GAS - Contd

Table listing oil and gas companies and their share prices.

MINES - Contd

Table listing mining companies and their share prices.

OVERSEAS TRADERS

Table listing overseas trading companies and their share prices.

PLANTATIONS

Table listing plantation companies and their share prices.

MINES

Table listing various mining companies and their share prices.

MOTORS, AIRCRAFT TRADES

Table listing motor and aircraft trade companies and their share prices.

NEWSPAPERS, PUBLISHERS

Table listing newspaper and publishing companies and their share prices.

PAPER, PRINTING, ADVERTISING

Table listing paper, printing, and advertising companies.

SHIPPING

Table listing shipping companies and their share prices.

SHOES AND LEATHER

Table listing shoe and leather companies and their share prices.

SOUTH AFRICANS

Table listing South African companies and their share prices.

TEXTILES

Table listing textile companies and their share prices.

OIL AND GAS

Table listing oil and gas companies and their share prices.

REGIONAL & IRISH STOCKS

Table listing regional and Irish stocks.

TRADITIONAL OPTIONS

Table listing traditional options and their prices.

Small text at the bottom right of the page, possibly a note or disclaimer.

LONDON STOCK EXCHANGE

Equities firm but turnover still disappointing while Gilt-edged shade lower

Table with columns: First Dealings, Account, Last Dealings, Account, Day, Day, Day, Day

THE ATTENTION OF THE UK securities markets switched away from domestic interest rate prospects yesterday, and both Gilts and equities followed the trend in New York as they tracked themselves for today's announcement of the Federal Reserve figures for December.

Turnover in the equity market remained poor and share prices could not hold the best of an early gain of nearly 20 FT-SE points. The fall in US bonds following the latest Federal Reserve statistics undermined British bonds towards the end of the session, leaving net falls of 1/4 among long-dated stocks.

The international securities houses are now poised for today's two major hurdles - the UK Retail Prices Index (RPI) for January, due at 11.30am, and the December trade figures from across the Atlantic, due at 1.30pm.

ment the problem of the Golden Shares.

Government securities at first tried to extend the gains of the past two sessions, led forward by the overnight firmness of the key US Treasury bond.

UK Gilts quickly turned back when the US retail sales numbers brought a dip in the New York Federals market.

UK Gilts quickly turned back when the US retail sales numbers brought a dip in the New York Federals market. Some UK analysts regarded the sales figures as indicating buoyancy in the US economy, but did not change their forecasts for today's US trade figures announcement.

Index-linked issues, a pointer to the market's inflation views, had another active session which enabled the Bank to sell out the remainder of its £1.25bn of 10% indexed Gilts.

The authorities also sold more of the £1.25bn of 10% indexed Gilts. The £1.25bn of 10% indexed Gilts was sold in two tranches, the first at 10.30am and the second at 11.30am.

Storages doing the rounds included one that Japanese interests are about to launch an offer for the group on the basis that the Japanese authorities are likely to replace it, as seems likely, it is taken out by the market in the immediate future.

Yesterday's poor turnover was the more disappointing in view of the rise in share prices, and good profits news from such major groups as BOC Group, Amstar and Inco in the previous session.

FINANCIAL TIMES STOCK INDICES table with columns: Govt. Secs, Fixed Interest, Ordinary Div, Gold Mines, S.E. ACTIVITY, and a summary of daily high/low.

LONDON REPORT AND LATEST SHARE INDEX: TEL 0898 123001

British Gas edged up 1/4 to 133 1/2 at a turnover of 133 1/2 while Colar finally shook off the recent piling of some 2 per cent of Burmah's near 5 per cent stake in the group and rose to 566p.

Turnover in the equity market remained poor and share prices could not hold the best of an early gain of nearly 20 FT-SE points. The fall in US bonds following the latest Federal Reserve statistics undermined British bonds towards the end of the session, leaving net falls of 1/4 among long-dated stocks.

Minor bear squeeze developed in the composite insurers where Sun Alliance were outstanding and finally 20 higher at 320p.

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extension of its international presence in the production and supply of automotive transmission components, advanced 12 to 303p. The improvement, however, also gave rise to a revival of vague takeover talk.

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FT - ACTUARIES INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns: EQUITY GROUPS & SUB-SECTIONS, Thursday February 11 1988, Index No., Day's Change, etc.

FT-SE 100 SHARE INDEX 1727.8

FIXED INTEREST

Table with columns: AVERAGE GROSS REDEMPTION YIELDS, British Government, 5 years, etc.

LONDON TRADED OPTIONS

Table with columns: CALLS, PUTS, Apr., May, Jun., Jul., Aug., Sep., Oct., Nov., Dec.

NEW HIGHS AND LOWS FOR 1987/88

Table with columns: NEW HIGHS, NEW LOWS, CANADIANS, etc.

TRADING VOLUME IN MAJOR STOCKS

Table with columns: Stock, Volume, etc.

RISES AND FALLS YESTERDAY

Table with columns: British Funds, Rises, Falls, etc.

LONDON RECENT ISSUES

Table with columns: Issue Price, Amount, etc.

FIXED INTEREST STOCKS

Table with columns: Issue Price, Amount, etc.

RIGHTS OFFERS

Table with columns: Issue Price, Amount, etc.

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WORLD STOCK MARKETS

Table of world stock markets including Australia, France, Germany, Netherlands, Sweden, Canada, and Japan. Columns include market name, date, and various price indicators.

Table of Canadian stock markets including Toronto and Montreal. Columns include market name, date, and various price indicators.

Table of Japanese stock markets including various indices and individual stock prices.

Table of over-the-counter Nasdaq national market closing prices for various stocks.

Table of stock indices including New York Dow Jones, Australia, Germany, Italy, and Japan.

Advertisement for Financial Times magazine, featuring the headline 'Have your F.T. hand delivered in The Netherlands' and '12 FREE ISSUES'.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main body of the table containing stock prices, organized into columns with headers for various stock categories and prices.

Continued on Page 31

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NYSE COMPOSITE CLOSING PRICES

AMEX COMPOSITE CLOSING PRICES

Table of NYSE Composite Closing Prices. Columns include 12 Month High/Low, Stock, P/E, % Chg, and Price. Includes sub-sections like 'Continued from Page 30' and 'Over-the-Counter'.

Table of AMEX Composite Closing Prices. Columns include Stock, P/E, % Chg, and Price. Includes sub-sections like 'Continued from Page 30' and 'Over-the-Counter'.

OVER-THE-COUNTER Nasdaq national market closing prices

Table of Over-the-Counter (Nasdaq) national market closing prices. Columns include Stock, Sales, High, Low, Last, and Change.

Notes and footnotes regarding the data, including 'Sales figures are unaudited' and 'Dividend data are based on the latest declaration'.

Advertisement for MILANO, featuring the slogan 'Have your F.T. hand delivered.' and contact information for Intercontinental S.r.l.

AMERICA

Dow sluggish as market plunges into lethargy

Wall Street

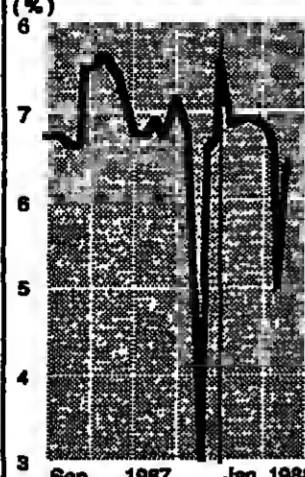
AFTER STEALING the limelight on Wednesday with its... stock market plunged back into lethargy yesterday as the focus returned to bonds, writes Janet Bush in New York.

The Dow Jones Industrial Average hardly moved through the session and closed 0.5 points lower at 1,961.64. Given this tiny movement, volume was surprisingly healthy at just over 200m shares.

The equity market's rally on Wednesday had seemed to draw inspiration from hopes of lower interest rates. For the same reason, the bond market had been strong.

Those hopes were undermined somewhat by yesterday's figures for January retail sales, which showed a rise of 0.6 per cent last month and a revised 1.2 per cent in December.

US Federal Funds



The Fed Funds rate closed at its low for the day at 4 1/4 per cent after the operation was announced, although this was still much higher than the rate which prevailed for most of Wednesday.

Despite all this, both bond and equity markets traded quickly, partly influenced by the closure of Japanese banks for a holiday yesterday and partly because of caution prior to the US December trade figures.

Janet Bush in New York writes that the Fed Funds rate closed at its low for the day at 4 1/4 per cent after the operation was announced.

Another negative figure for the recession lobby was yesterday's initial unemployment insurance claims, which fell 21,000 in the week ended January 30.

Canada

PAPERS AND metals offset losses by banks in a Toronto market that was nervous about today's US trade data. Stocks were mixed at the close.

SOUTH AFRICA

A RENEWED fall in the bullion price to around \$440 an ounce against Wednesday's brief respite sent gold stocks in Johannesburg lower in very thin trade.

FT - ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Table with columns for National and Regional Markets, Thursday February 11 1988, Wednesday February 10 1988, and Dollar Index. Rows include Australia, Austria, Belgium, Canada, Denmark, Finland, France, West Germany, Hong Kong, Ireland, Italy, Japan, Malaysia, Mexico, Netherlands, New Zealand, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, United Kingdom, USA, and various regional indices.

Janet Bush in New York talks to a driving force behind a hedging formula with changing parameters Portfolio insurance faces 'dynamic readjustment'

IT ALL began when a professor from the University of Berkeley, California, took his sabbatical in France in 1977. Looking for a research subject, Professor Hayne Leland took to heart some advice from his brother, a principal in a San Francisco stock investment company, who suggested it would be a real benefit to society and might have economic value as well if somebody could come up with a way to insure against stock market losses.

So the hedging strategy called portfolio insurance was born. "It was sort of a joke because nobody assumed you could protect against the market. But Hayne did study that question and he found that, surprisingly, although there would clearly be a cost, it wasn't such a silly thing," says John O'Brien, who joined forces with Professor Leland and Mark Rubenstein, another Berkeley professor who specialised in options, to develop the necessary mathematical formulas and sell the idea of portfolio insurance to an unbeliever world.

In 1981, Leland O'Brien Rubenstein Associates was formed and, on the eve of the stock market crash on October 19, the company still

dominated the portfolio insurance market. The first experiment with portfolio insurance was small indeed. A number of companies decided to try out what Mr O'Brien, chairman and chief executive officer of LOR, calls the "dynamic adjustment process" in which the mix of a portfolio is shifted according to predetermined mathematical formulas to ensure a limit to any losses at the same time as significant potential for profits.

LOR implemented its formula on a portfolio of \$500,000. "It performed exactly as advertised, much closer than one would expect in fact," Mr O'Brien says. By autumn last year, either through direct management of funds or through its network of licensing agreements in which other banks paid to use the LOR formula, the company had more than half the total assets under management, variously estimated at \$60bn to \$80bn.

"We weren't offering a free lunch. It was just an unusual thing that didn't exist before. And it was attractive because how much to have in stocks and how and when to adjust it has always been a problem unless you thought you could foresee the future. Everybody

who had gone for seeing the future had eventually shot themselves." Everything changed on October 19. The success of the strategy had always been predicated on orderly markets in which trading was continuous and prices had integrity. The chaotic market conditions in the week of the crash put insupportable strain on the strategy.

One central idea is that portfolio trades should be more predictable and less frightening

Now we realise it is thinkable and unless the trading structure is changed, it could happen again. Mr O'Brien believes the criticism of portfolio insurance is misguided and emotional although he says the insurers themselves can make a contribution by making markets more robust. "Whenever there is any kind of giant event everyone wants to go back to a little gas shock in Hawaii. But eventually they're back to some middle ground which isn't quite so extreme in either direction." He dismisses the notion, prevalent in the various

reviews of the causes of the crash and certainly in the public and political perception, that portfolio insurance exacerbated the crash and that the solution lies in stricter regulations. "We can't make the market work the way people want it to which is to go up without volatility. I think some people really believe the only reason this market doesn't go up smoothly is that there are evil forces on Wall Street and inappropriate regulations. As long as you let them believe that, they are going to wipe out professional investing."

He points out that the Dow Jones Industrial Average fell to within one per cent of the close on October 19 in mid-December after portfolio insurers had all but pulled out of the market altogether. And on the day of the crash itself, Sydney, London and Hong Kong were just as badly hit with no portfolio insurance. The experience of those with insured portfolios was mixed but an average return on all LOR accounts for the year up to Tuesday 9th January was 5.7 per cent (compared with minus 1.8 per cent if they had not been hedged and plus 7.7 per cent if chaotic market conditions had not prevented total adherence to the formulas). There are more practical ways of tackling current fears of portfolio insurance, he argues. One central idea is that portfolio insurance trades should be more predictable and therefore less frightening.

EUROPE

Optimism over trade data produces lively turnover

A STEADY dollar and optimism about today's US trade figures gave a strong fillip to turnover and prices in West Germany and France, both regarded as overvalued. Takeover speculation continued to inject excitement into the Paris and Brussels bourses and trading was generally more lively throughout Europe, writes Our Markets Staff.

Merrill Lynch, which yesterday announced a reorganisation of its capital markets division, slipped 3/4 to \$22 1/2. Bear Stearns dropped 1/4 to \$12 1/2 after the company announced it had presented to a committee of independent directors of Jewelcorp a proposal to acquire the company for between \$15 and \$16 a share. Jewelcorp's stock jumped 3 1/2 to \$15 1/2.

Polysar Energy, which rejected Nova Corp's sweetened bid for a 20 per cent stake, was up 3 1/2 to C\$18 1/2 in active trading. Nova, also actively traded, slipped 1/4 to C\$8 1/2. National Bank of Canada was down 1/4 to C\$39 1/2 after announcing it would take a \$250m charge in the first quarter. R1B, South African Breweries was steady at R16 and Sasol closed unchanged at R690.

ASIA

Investors seek cut-price stocks

THE STRONG showing by Wall Street on Wednesday provided an excuse for bargain-hunting in the leading Asian and Pacific markets yesterday.

Sydney rallied strongly from its 1988 lows and Hong Kong and Singapore both finished slightly higher. Japanese markets were closed for National Foundation Day.

STOCKHOLM rallied as Wall Street's overnight advance and softer domestic bond prices spurred buying in all sectors. The Affersvaerden index climbed 1.25, or 1.6 per cent, to 756 in business hours. Blue chips were broadly higher. Agfa spurred SKY7 to SKY172, continuing to rise on its good results for 1987. Volvo surged SKR6 to SKR313.

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